

Weekend FINANCIAL TIMES

Weekend FT
*Third world war –
 to be fought by mice*

SECTION II

World Business Newspaper

UK may dispose of cattle remains in power stations

Britain is seeking "radical options" for disposing of cattle remains, including burning them in power stations, to ease a 150,000 backlog of animals waiting to be slaughtered due to the European Union's worldwide export ban due to the BSE crisis. Electricity companies are carrying out tests to see whether they can burn rendered bonemeal and fat from cattle in their generating stations. Page 22

English club signs Italian football star
 The economic supremacy of English football has been underlined with Chelsea's signing of Gianluca Vialli (left), the Juventus striker who led Juventus to victory against Ajax Amsterdam in the European Champions Cup on Wednesday – on a salary of £1m (£1.52m) a year. He is the first top Italian star to leave Serie A – traditionally the world's richest football league – for an English club. Page 4; Springboard for success, Page 5

US pulls out of maritime trade talks The European Union and Japan vowed to continue seeking an agreement in the World Trade Organisation to liberalise maritime transport, despite an apparent withdrawal from talks by the US. Page 3

Prodi wins confidence vote Romano Prodi's new centre-left government won a vote of confidence in the Italian senate for its programme of economic austerity, constitutional reform and plans to improve education. Page 2

Price war hits Japan oil refiners Japan's top four oil refiners and distributors saw their profits halved last year as they became the first victims of a petrol price war. Page 6

London stocks limp towards the holidays
 FT-SE 100 index
 Daily movement
 3,800
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English judiciary reshuffles Lord Woolf has been appointed as Master of the Rolls, one of the top jobs in the English judiciary to replace Sir Thomas Bingham, who is taking over as Lord Chief Justice – head of the country's criminal courts. Joe Rogaly, Weekend Page 1

Ariane-5 launch delayed again The European Space Agency has again postponed the maiden flight of Western Europe's Ariane-5 rocket from French Guiana, delayed from last year, due to a technical problem. Hour of destiny, Page 9

Mjacker extradited Palestinian Khaled AbuIbrahim, convicted of masterminding the hijacking of the cruise ship Achille Lauro in 1985, was extradited from Greece to Italy, where he was sentenced in his absence to life imprisonment.

Happy birthday DJ-1 The Dow Jones industrial average will be 100 years old on Sunday. The US stock index was created by Dow Jones & Co. and first appeared on May 26, 1896, consisting of 12 "smokestack" companies. World stocks, Page 17

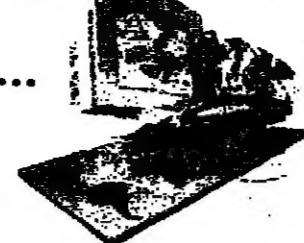
German workers' day strike ban Thousands of German state workers defied a strike ban and brought public transport to a standstill in northern cities. They were protesting at the government's austerity plan and the collapse of pay talks.

The Financial Times will not be published on Monday due to the Whitson holiday. It will be published again on Tuesday 28 May.

Companies in this issue

Asahi Bank	6	Mitsubishi Oil	6
Bank of Tokyo	6	NKK	6
British Telecom	22	NTT	6
Commerzbank	6, 1	National Power	22
Cosmo Oil	6	Nippon Oil	6
DKB	6	Orix Corp	6
Daishi Kangyo Bank	1	Sakura	6
Daiei Bank	6	Santander	6
Eisai	6	Sanwa Bank	6, 1
Fuji Bank	6	Sharp	6
Fuji Film	6	Sumitomo Bank	1, 6
Hokkaido Takushoku	6	Sumitomo Metal	6
Kawasaki Steel	6	Swedbank	6
Kubota	6	Takeda	6
Lucas Industries	1	Tampella	6
Mazda	6	Tokai Bank	6
Mitsubishi Bank	6	Varty Corporation	1

Austria	L10,220	Germany	D41,020	Ukraine	L15,010	Qatar	Q11,000
Australia	–	Switzerland	D40,077	Greece	D40,02	Lux	U17,5
Bahrain	D11,290	Hong Kong	H10,220	Malta	L10,05	Singapore	S10,230
Belgium	B17,75	Hungary	P220	Morocco	M11,016	Spain	S10,265
Bulgaria	B13,020	Iceland	P220	Neth	R 4,75	S. Africa	R12,00
Croatia	C12,20	India	P220	Poland	P11,020	Spain	P12,00
Czech Rep	C11,20	Ireland	P220	Portugal	P11,020	Sri Lanka	P12,00
Denmark	D11,18	Italy	P220	Norway	N11,220	Sudan	S12,00
Finland	F11,18	Japan	P220	Ort110	O11,020	Switzerland	S12,00
France	F11,520	Korea	P220	Pakistan	P11,020	Syria	S12,00
Germany	G11,520	Latvia	P220	Thailand	T11,020	Turkey	T12,000
Ireland	I11,520	Lithuania	P220	Ukraine	U11,020	UAE	U12,00
Italy	I11,520	Lebanon	P220	Vietnam	V11,020	Yemen	Y12,00



A monarch among equals



Will technology be the decider in Paris?



WEEKEND MAY 25/MAY 26/MAY 27 1996

Commission president aims to revive flagging unemployment initiative

Santer to seek EU policy review

By GILLIAN TETT and
 CAROLINE SOUTHEY in Brussels

which Mr Santer plans to unveil at the heads of state summit in Florence next month.

"If we are going to be serious about tackling the jobless problem, we have to start looking at all sorts of sacred cows," said an EU official.

Mr Santer is likely to be deliberately bold in an attempt to counter impressions that the EU is not capable of dealing with high levels of unemployment.

The move is expected to touch state aid and the liberalisation of industries where little progress has been made in creating a single market. This would include controversial areas such as energy, where France has been reluctant to reform.

The review could form a key element of the jobs package

pledge to implement all single market legislation. Figures published yesterday show that on average across the EU only 90 per cent of single market legislation has been written into national statute books. The proportion that has been implemented is significantly lower. One possibility is that member states be given six months to complete the process.

The proposals on liberalisation, which are still being drawn up, are due to be presented to the Commission on June 5. They could provoke fierce resistance in some member states. French and German officials are due to dis-

cuss the energy issue at a special meeting early next month.

Any suggestions that the Commission is rethinking state aid policy is also likely to be highly controversial, particularly in France, Germany, Italy and Spain.

The Commission last year agreed to allow member states to pay out an estimated Ecu30bn in state aid.

There is a growing conviction in the Commission that the best focus for job creating policies are likely to be the service sector and small scale enterprises.

The vast majority of state aid currently goes to large manufac-

turing enterprises, which have been far worse than smaller companies in generating jobs.

Mr Santer's earlier jobs initiative, launched in February, has floundered on opposition from member states, reluctant to agree that surpluses funds from the EU's 1988-1993 budget should be channelled into infrastructure projects.

The EU's economists forecast that unemployment is set to remain around 18m in the next two years. The Organisation for Economic Co-operation and Development has predicted that unemployment would rise in Germany and remain stagnant in France for several years.

Leading Japanese banks hit by record losses

By Gerard Baker in Tokyo

Japan's 11 leading banks – six of them the world's largest – have written off more than \$16 billion (\$47bn) in bad loans, causing them to report their worst ever combined loss in the year ended March 31.

The huge write-offs indicate that the banks have finally begun to grasp the nettle of bad loans that has been undermining their performance for the past four years.

The problem arose because many customers who took out large loans during the Japanese property boom in the late 1980s were no longer able to service them when property prices collapsed in 1991.

As in the past, Japanese banks tried to avoid admitting that a problem existed, but this time it was too big to ignore.

The write-offs represent about one-third of the estimated total remaining burden of non-performing loans held by the 11 city or commercial banks.

As such it is the most serious attempt yet by the country's troubled lenders to deal with the problem.

But even for the strongest banks, it does not mean the end of the crisis. More problems seem likely to emerge in the next year, as details of the balance sheets of the banks' unconsolidated affiliates are revealed.

The write-offs were welcomed by the finance ministry. Officials released figures indicating that the total amount of bad loans at all the country's financial institutions had declined by more than 9 per cent between September last year and March, and was now just over ¥34,000bn.

"We probably need just one more year in order to say the worst is over," said Mr Sei Nakai, deputy director-general of the ministry's banking bureau. Most independent analysts, however,

Continued on Page 22

Dealing with the debt, Page 6



UK car parts group close to £3bn deal with Varty of US

By Tim Burt in London

announce an agreement within the next few weeks.

It put out a statement in an attempt to dampen market speculation about the deal, which has seen more than 11m Lucas shares change hands this week.

Nevertheless, expectations of an agreement rose in the US, where it emerged that Varty has delayed publication of its first quarter results until next Thursday.

Some industry analysts said the US group, formerly known as Massey-Ferguson, had decided to postpone the announcement by a week to give it extra time to work on the proposals for a merger.

Varty is expected to announce a fall in first quarter profits from \$33.1m to about \$25m, following sluggish demand for its Dayton Walker truck components and start-up costs of about \$5m in

ons in US history. However it emerged that the elaborate operation – the first of its kind to implicate China's emerging military industry – was undone by loose talk in the ranks. Report, Page 22

Lucas

US state attorney Michael Yamaguchi addressing a press conference

NEWS: INTERNATIONAL

Prodi wins confidence vote victory

By Robert Graham in Rome

Italy's new centre-left government headed by Mr Romano Prodi yesterday won an easy endorsement in the senate for its programme centred round economic austerity, constitutional reform and improving education.

After a day and a half's debate, the government won a vote of confidence with 173 votes in favour and 139 against.

This was 16 votes clear of the minimum majority required and was in line with government expectations.

Mr Prodi, the 56-year-old Bologna economics professor, must now outline his programme to the 630-member chamber of deputies next week and undergo another vote of confidence.

Although the week-old government is expected to pass this hurdle, it cannot formally begin to implement its policies until the confidence vote out of the way.

Mr Prodi was criticised both yesterday and on Thursday by the rightwing opposition for being too vague in outlining his programme. By next week, he is likely to be more specific – especially on economic matters.

He will also face a sterner debating test.

The new government is committed to putting Italy's public finances in order to permit the country to participate in the next phase of European Monetary Union by 1999. However, Mr Prodi and his economic team have so far declined to spell out how they believe this will be done.

In his two speeches, opening and closing the senate debate, Mr Prodi struck a sober tone throughout.

While he was appreciated for his seriousness, several commentators and senators warned that the new prime minister could not afford to be too dull if he wished to inspire the country to endorse the

kind of reforms and economic sacrifices his programme entailed.

Yesterday Mr Prodi went out of his way to invite the opposition to co-operate in carrying out thorough reform of the Italian state.

But he insisted: "If we can't co-operate in doing this together, then we will do it by ourselves."

He said he wanted to move fast on shaking up the state by introducing a more federal structure and devolving more power to the regions.

The populist Northern League, which has raised the banner of secession in Italy's rich industrial north, voted against the government. "The government did not convince us with its vague proposals on federalism," said Mr Francesco Speroni, the League leader in the senate.

As an indication of the tempers raised by regionalism in the new parliament, Mr Speroni outraged the senate on Thursday by openly insulting Sicilians for spawning the Mafia. Yesterday Mr Speroni was unrepentant about these insults.

By next week the government should have all the ministries fully operational with their new ministerial teams.

The list of junior ministers was agreed only in mid-week, and of the 49 appointees, one has already stepped down because of judicial problems. There has also been a fierce polemic within the centre-left. Olive Tree coalition over who should control the £3.6 billion (\$2.24 billion) due to be spent on Rome's Jubilee Year 2000.

The Party of the Democratic Left (PDS), the dominant partner in the coalition, has sought to control this post. But Mr Prodi has wanted to ensure his own appointee gets the Jubilee job, while Mr Antonio Di Pietro, the public works minister and former Milan magistrate, has claimed the post falls naturally within his portfolio's control.

He will also face a sterner debating test.

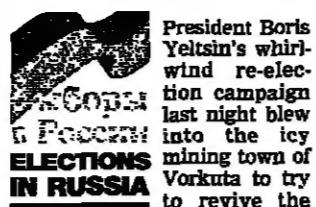
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Yeltsin's poll campaign flies into the icy blast of discontent

The democratic euphoria of 1991 is waning, reports John Thornhill



President Boris Yeltsin's whirlwind re-election campaign last night blew into the icy mining town of Vorkuta to try to revive the memories of five years ago when the miners played a critical role in Russia's democratic revolution.

But Mr Yeltsin will face a more hostile reception than his campaign staff seem to imagine.

In 1991 a series of strikes

tarnished the then President Mikhail Gorbachev's reform programme and eased the way for Mr Yeltsin's rise to power. Vorkuta's miners then voted for Mr Yeltsin in overwhelming numbers in the elections for president of the Russian republic.

Vorkuta also formed one of the most infamous islands in the Soviet Gulag archipelago in the 1930s.

Its name was synonymous with the evils of communism, which Mr Yeltsin is still struggling to expunge.

The legacy of those times, when tens of thousands of political prisoners from all over the former Soviet Union perished in the Arctic wastes, is still evident today.

Some miners still live in the prisoners' barracks. A cemetery stands by each of Vorkuta's 11 functioning mines.

When the summer sunshine thaws the Arctic tundra, the bones of the buried float to the surface in a grisly reminder of the town's past. "Vorkuta is a town of cemeteries," is the oft-repeated refrain.

"I myself am the daughter of a repressed person," says Mrs Galina Odintsova, director of the town's museum, which houses a moving exhibition to the victims of the Gulag. "But people do not like to talk about those troubled times."

Now the democratic euphoria of 1991 seems to be slipping from the public consciousness and there is widespread disillusion with Mr Yeltsin's presi-



Boris Yeltsin: will face a more hostile reception than his campaign staff seem to imagine

dency and disgust with Moscow's maladministration.

"We have only received the freedoms of Hyde Park," Mr Sergei Gorsky, a local journalist said, referring to the place in London where tradition has it that one can criticise anything and anyone.

"We can say whatever we like but no-one will listen and nothing ever changes. We do not live any better than a result."

There is a groundswell of protest against Mr Yeltsin, and many voters seem inclined to turn to the political extremes.

In December's parliamentary poll, Mr Vladimir Zhirinovsky, ultra-nationalist, came first in the election of Mr Yeltsin's party, while is full of sincere people defending the poor – which I support – and then there is Mr Yeltsin's party,

came third with 10 per cent.

A new generation of younger communists is now emerging, who are conscious of the past but more critical of the current regime.

One surprising example is Mr Timur Tokov, a 38-year-old businessman, who was never a member of the Soviet Communist party and who claims he lives far better now than he did before perestroika.

I seem to me that there are now two communist parties in Russia," he says. "There is the one that retains its name and is full of sincere people defending the poor – which I support – and then there is Mr Yeltsin's party,

which is that of the bureaucrats and former politburo members.

Mr Tokov believes the communists will bring greater order and social justice and defend the rights of the individual, unlike Mr Yeltsin.

"Democracy, in my view, is about the rule of law. Whether you are a bum or the president, you should be equally liable before the law," he says.

In contrast to elsewhere in Russia, many poorly-paid pensioners say they will vote again for Mr Yeltsin to rid them of their communist past.

Sitting on a park bench outside the miners' Palace of Culture, Elena and Masha, two pensioners, discuss old times and soak up the spring sunshine.

The cheery 78-year-old Elena, who was "sent by Stalin" from Odessa to Vorkuta 30 years ago to work down the mines, says her pension is poor and the cost of her favourite sour cream is now more than 21,000 roubles (\$4). But she will vote for Mr Yeltsin in next month's election. "I don't want to return to the Soviet past," she says.

"Dwell on the past and you will lose an eye," runs an old Russian proverb. "Forget the past and you will lose both eyes."

A president-elect would take office 30 days after official election results are announced, according to the law, which is expected to get the approval of the president and upper house of parliament.

The outgoing leader would be obliged to consult the president-elect about any troop movements or attempts to introduce a state of emergency during the 30-day transition. The president-elect could attend government and security council sessions as well.

Man who would be king, and maybe president, goes home

Theodor Troev on the return of Bulgaria's King Simeon II



Bulgarians are expected to take to the streets of Sofia *en masse* this afternoon to greet their long-lost monarch, King Simeon II. The 59-year-old king, who lives in Madrid and makes his living as a businessman, is returning to his native country for the first time since he was forced to leave it as a small boy half a century ago.

The visit is ostensibly private, in response to the invitation of 101 Bulgarian intellectuals who want to discuss the future of the country with him. "It will be a private visit and should not be given a political dimension," a spokeswoman for the king said in Sofia this week.

But the visit cannot help being political, as opinion polls show that 42 per cent of those questioned would vote for King Simeon if he ran for president. Other surveys have shown that more than 20 per cent support the restoration of the monarchy, while almost 80 per cent say they approve of Simeon for the king said in Sofia this week.

Events reached crisis point this month with a jump in interest rates from 67 to a record 108 per cent to shore up

the beleaguered lev, the national currency, and long queues of depositors anxious to withdraw their money.

In an attempt to reach agreement with the IMF and World Bank on support to end the crisis, Mr Vidinov's Bulgarian Socialist party (BSP) government had to bite the bullet last week. It announced the closure of dozens of loss-making state enterprises, throwing thousands out of work.

Simeon's arrival coincides with a bleak time for most Bulgarians. The prime minister, Mr Zhan Vidinov, reiterated the government's position that Simeon should publicly renounce the idea of reclaiming his throne.

Bulgaria's communist rulers forced the royal family to leave the country when Simeon was just nine years old, after a rigged plebiscite abolishing the monarchy. But Simeon never abdicated formally and was proclaimed King of the Bulgarians when he reached his 18th birthday.

Events reached crisis point this month with a jump in interest rates from 67 to a record 108 per cent to shore up

Cyprus communists keep red flag flying

Kerin Hope finds a pragmatic approach ahead of tomorrow's parliamentary poll

Mrs Eily Constantinou set up her own company last year but says she will vote as usual for Akel, the Cyprus communist party, in tomorrow's parliamentary election.

An opinion poll published this week shows the communist trailing the governing rightwing Democratic Rally (DYSY) party of President Glaskos Clerides by a slim margin.

DYSY is forecast to win 31 per cent of the vote, against 29 per cent for Akel and 15 per cent for the Centre Right Democratic Party (DIKO). DYSY's coalition partner in govern-

ment, Akel, has decided to back Cyprus' bid to join the European Union.

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ment, Akel, has decided to back Cyprus' bid to join the European Union.

Presidential elections are not due until early 1998, but tomorrow's poll will signal whether the DC-DIKO alliance which brought Mr Clerides to power was narrowly defeated in 1993.

Parliamentary candidates

have expended considerable energy on daily television debates on two main political issues: EU membership and the stalled efforts to reunite the Greek and Turkish halves of the island, divided since a Greek-backed coup in 1974 triggered the invasion of northern Cyprus by Turkish troops.

This relentless televised discussion of the "national problem" boosted business for cinemas and restaurants this week.

Mr Stathis Kitidis, a Nicosia lawyer and DIKO candidate, says: "To many people, the fact that Cyprus is likely to join the EU by the end of the decade means that a solution to the Cyprus problem is bound to follow. It may not be as simple as that, but the issue has been around so long, some people have learned to live with it."

Candidates have also been

INTERNATIONAL NEWS DIGEST

New orders for US goods fall

New orders for US durable goods fell more sharply than expected last month, reflecting weakness in the volatile aircraft and defence sectors, the Commerce Department said yesterday. Orders fell 1.9 per cent in April but were up 6.4 per cent against the same period last year. Wall Street economists expected a drop of about 0.6 per cent following a revised 2.6 per cent increase in March.

Analysts said the figures, while superficially weak, were consistent with a range of recent data pointing to solid economic growth after a sluggish period at the end of last year. Excluding transport, orders were up 1.7 per cent last month, following a 1 per cent decline in March.

The weakest sectors were civilian aircraft, which saw orders drop 57 per cent from March, and defence, which was down 35 per cent.

● President Bill Clinton has nominated Mr Douglas "Pete" Peterson, a congressman who spent 8½ years as a prisoner of war in Vietnam, as the first US ambassador to communist-ruled Vietnam.

APP, Washington

Paris condemns monks' killing

France yesterday reacted with shock to the announcement by Algeria's Islamic Armed Group (GIA) that it had cut the throats of seven elderly French Trappist monks it had held hostage for two months. The government and Moslem leaders condemned the killing. The authorities appealed for all French citizens, including about 300 priests, monks and nuns, to leave Algeria. Some 1,000 French citizens are believed to be in the country, with 7,000 more people with dual nationality registered with French consulates there.

Last month the GIA claimed responsibility for the kidnapping on March 27 of the seven monks, whose ages ranged from 50 to over 80.

David Buchan, Paris

Death penalty for Albanians

On the eve of Albania's elections tomorrow, a court has sentenced three senior former communist officials to death for ordering the internal exile of dissidents. The authorities appealed for all French citizens, including about 300 priests, monks and nuns, to leave Algeria. Some 1,000 French citizens are believed to be in the country, with 7,000 more people with dual nationality registered with French consulates there.

The ex-monks were sentenced to life imprisonment. They are expected to appeal.

The sentences were the first imposed on high officials under a law passed in October to punish crimes against humanity committed during communist rule. Martineau Sallust, Tirana

Urges night on campaign trail, Page 9

Damages for toxic oil victims

A Spanish court yesterday ordered the government to pay damages of Pta65,000-Pta45m (\$866-\$31,000) to victims of the country's "toxic oil" scandal and their families 15 years after the tragedy. The case involved the illegal rape of sea oil blamed for some 1,000 deaths, with 25,000 other people affected.

The verdict in the second trial over the affair was, however, only a partial victory for victims' groups which brought the case against five former government officials and two local councillors. All the accused were acquitted except one, the former head of a customs laboratory, who was fined Pta20,000 for negligence and ordered to pay compensation with the state holding "subsidiary" responsibility.

Payments already made by the government are to be deducted from the damages. Businessmen involved in the affair were convicted in 1989 but compensation had no effect as they declared themselves bankrupt. David White, Madrid

Mostar elections postponed

Mr Ricardo Perez Casado, European Union administrator of Mostar, yesterday announced the postponement of elections aimed at reunifying the southern Bosnian town, which is divided between Moslems and Croats. The elections, planned for May 31, will be held in the second half of June.

They are seen as a crucial test for the prospects of the fragile Moslem-Croat Federation, which the US helped broker in February 1994 to end a year-long war between the two communities. Despite intense diplomatic efforts to forge a closer alliance, there has been only limited progress in implementing numerous co-operation accords in Mostar.

Laura Silber, Belgrade

ECONOMIC WATCH

German investment targets UK

Britain was the biggest recipient of German foreign direct investment last year as well as the biggest single investor in Germany, according to figures published by Bonn yesterday. More than a fifth of the record DM48bn (\$31.5bn) of new German investment abroad went to the UK. With an inflow of DM1.64bn, Britain was well ahead of France, the second most popular target for German investment with an inflow of DM8.51bn, and the US, in third place with DM8.3

NEWS: INTERNATIONAL

'Wild west' troubles Chinese authorities

By Tony Walker in Beijing

China's security authorities have become increasingly anxious about separatist movements in Tibet and in the oil- and uranium-rich province of Xinjiang in the far west.

This week it emerged that nine Moslem separatists, armed with guns and homemade bombs, were killed in a gun battle this month with police in Xinjiang. The clash came after authorities in the province ordered a crackdown on separatists who, they say, were seeking to stir a holy war.

In an annual assessment of risks to public order and the security of the state this year the authorities put separatist

challenges at the top of the list, ahead of urban poverty and crime, and dissident activity. Worries about nationalist agitation on China's frontiers did not figure so prominently in past years.

The assessment is circulated close to the June 4 anniversary of the 1989 crackdown on student pro-democracy demonstrators in Beijing's central Tiananmen square and summarises official concern about security at a time when a regime in political transition is more than usually preoccupied with stability.

Western officials in Beijing said it was not clear whether separatist movements or "splitism", as they are known in

Chinese official jargon, were becoming bolder or whether China's renewed emphasis on closing the "rich-poor gap" between the wealthier coastal areas and an impoverished hinterland was focusing attention on the issue.

"Separatist activity is a perennial concern," said one official, "but the authorities seem to be drawing a link between their campaign to alleviate poverty in poorer regions and threats to China's stability."

The deaths of the nine Moslems in Xinjiang followed official calls for a crackdown on separatists in the predominantly Moslem region where local Uighur - ethnic Turks

who migrated to the region from Mongolia in the ninth century and adopted Islam a century later - outnumber ethnic Chinese by about two to one. Xinjiang's population is about 15m of whom 8m are Han Chinese.

China is also having trouble in Tibet, where a spate of bombings by Tibetan separatists loyal to the exiled Dalai Lama is proving unsettling. The Tibet Daily in a front-page editorial last week called on police to intensify a crackdown on "terrorists".

In the "Strike Hard" crackdown on crime we must relentlessly pursue and show no mercy to those splitists who transport, steal and hide explosive

and firearms," the paper said.

The BBC monitoring service, which tunes in to radio broadcasts across China, reported further trouble this week with the suspension of a top Buddhist monk from his post in a largely ceremonial political consultative committee. The monk, Chadril Rinpoche, was accused of fostering separatist activity.

But Beijing, in its efforts to curb Tibetan separatism, also offered an amnesty for offenders who surrender before June 30.

"Those who take the initiative to frankly confess their wrongdoings and report and expose crimes of other offend-

ers will be treated leniently," Tibet Radio said.

"Those who refuse to surrender themselves to law enforcement authorities, run away, or even continue to commit crimes will be punished more severely."

Authorities in Xinjiang have made no such offer of amnesty, but they appear no less alarmed than their counterparts in Tibet by a recent outbreak of separatist violence, including bombings and shootings.

The Xinjiang Daily, in a long despatch earlier this month, reported that the main dangers facing the region were "ethnic separation and illegal religious activities".

US 'sinks' maritime trade talks

By Guy de Jonquieres

on basic telecommunications to reach an agreement by the end of last month, as planned. In both cases, the outcome resulted from US insistence that other countries' negotiating offers were not good enough.

The financial services talks were rescued after the EU persuaded other countries to reach a deal without the US. However, trade diplomats were uncertain yesterday whether it would now be possible to prevent the maritime negotiations from collapsing entirely.

They said EU efforts to persuade other countries to contribute to a maritime deal had relied heavily on the assumption that Washington could be induced to join in the final stages of the negotiations. But the US had undermined that strategy by apparently ruling out any agreement.

About 40 WTO members have tabled offers in the talks. But because most believed the main value of an agreement would be to commit the US firmly to liberal trade policies in shipping policies, their incentive to make further concessions could be greatly reduced.

Another option would be for some WTO members to agree among themselves on liberalisation measures, though these would not be backed by the full force of world trade rules and disciplines.

Alternatively, participants in the negotiations could decide to extend them until after the US presidential election.

Yesterday's apparent impasse follows the near-collapse last year of WTO negotiations on financial services and the failure of talks

which had refused even to submit an initial negotiating offer.

US negotiators have long admitted privately that their room for manoeuvre was severely restricted by the difficulty of persuading small but powerful maritime unions to accept a global liberalisation deal.

The Uighur separatists are divided both by leadership rivalries and by ideology; some nationalists call their nation Uighurstan while others favour the name East Turkestan, highlighting their links with Turkey and the Turkic peoples of Central Asia.

But lack of international support is the Uighurs' greatest tragedy, Mr Khamayev said.

"Now the Chinese can do anything they want. No one can put any pressure on them. But the Uighurs never lost hope. They'll keep on fighting."

Apec rejects rigid disputes mechanism

By Edward Luce in Cebu, Philippines

The Asia Pacific Economic Co-operation forum yesterday rejected the idea of setting up a formal disputes resolution body like that of the World Trade Organisation.

Mr Edsel Custodio, joint head of the Philippine negotiating team to the Apec meeting in Cebu, said disputes among members of the 18-strong forum should be resolved through "voluntary mediation" by appointed "umpires". If trade conflicts could not be resolved on a friendly basis the parties should go to the WTO in Geneva.

In a coded attack on Washington's negotiating tactics with China over intellectual "piracy", Mr Wang Yusheng, head of the Chinese delegation in Cebu, yesterday urged Apec to keep disputes out of the public view. "We should stick to the spirit of Apec, the spirit of a big family," said Mr Wang. "If someone cannot agree with you it's better to wait and have more consultations."

On free trade within Apec, officials said there appeared to be big differences among the "action plans" on tariff cutting submitted by each of the 18 members. The plans, which must be integrated into a coherent package in time for the Apec heads of state summit in the Philippines this November, are supposed to set out

each country's timetable for trade liberalisation under the Apec "action agenda" agreed in Osaka last year. Apec members last year agreed to put into practice the objective of liberalising trade in the region by 2010 for developed countries and 2020 for developing countries.

Hitting at disappointment that several countries had failed to state their true timetables on trade liberalisation before others had revealed their hands, Mr Custodio said the action plans had displayed "creative ambiguity".

Several delegates said this "creative ambiguity" went against Apec's much-declared objective of eschewing more formal WTO-style trade negotiations in favour of behind-the-scenes comity. The apparent lack of substance in the action plans suggested that most countries would hold back on detail until the 11th hour.

The Philippines government, which appears to be fighting an uphill battle to persuade fellow members of the Association of South East Asian Nations (Asean) to extend unilateral trade concessions to Apec before November, is planning to redouble efforts to integrate the action plans before the heads of state meeting.

Apec senior officials will meet again in August in Davao City, southern Philippines, to look at revised drafts of the action plans.

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Big Tobacco takes a breatherBy Richard Tomkins
in New York

between individual smokers' cases for them to be lumped together into one class.

The court's decision is the latest in a series of setbacks for class action lawsuits in the US. Two weeks ago an appeal court in Philadelphia threw out a class action settlement of hundreds of thousands of claims against 20 former asbestos manufacturers, saying there too many differences between individual cases.

This followed a case in Chicago last year in which 300 haemophiliacs alleged they had contracted the AIDS virus through blood-clotting medicine they had taken. The judge dismissed their class action suit, saying it would violate the defendants' right to determine issues such as the degree to which the plaintiffs were responsible for their injury.

Lawyers say the trend does not reflect a change in the attitude of the courts to class action suits. Rather, it reflects a tendency among plaintiffs' lawyers to seek this form of redress in a growing number and variety of cases.

Mr Michael York, an attorney for Philip Morris, the biggest US cigarette manufacturer, said the rule permitting class action suits evolved decades ago to settle cases where hundreds of people who bought a company's shares on a given day suffered a loss through the company's failure to disclose important information. "In those cases, very narrow issues of liability applied equally to everyone in the class and the damages were the same, the only difference being the multiple of the number of shares bought."

Similar principles had since been applied to disasters such as oil spills or air crashes, where common issues were equally applicable to everyone in the class, Mr York said. "But Castano and some of these other cases are abuses of the class action rule by entrepreneurial plaintiffs' lawyers who file a suit in the hope of winning a class action certificate which by itself will exert a settlement from the industry."

In the Castano case, 60 law



Anxious times: a woman waits in a market place in Kashgar, western China



Violent incidents over the past year in the towns of Urumchi and Kashgar (Kashgar) have highlighted tensions among the Uighurs and other Turkic peoples in Xinjiang in the far west of China. They share an ethnic heritage with Uighurs in the neighbouring states of the former Soviet Union.

Shortly after the agreement was signed, the Chinese cracked down on Uighur separatists in Xinjiang, leading diplomats to suggest that Beijing now felt assured of support from its neighbours.

The Kazakhs and the Uighurs are one Turkic people," said Mr Bairat Arshidinov, a prominent Uighur activist in Almaty. "But the Kazakhs sold us out to China. Nobody supports us."

But even these nationalists kept quiet when China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan signed a border agreement last month, dashing any hopes among the Uighurs that their newly independent neighbours in Central Asia would support their cause for independence.

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NEWS: UK

GM to supply up to 250 locomotives

By Charles Batchelor,
Transport Correspondent

Wisconsin Central Transportation, the new US owner of British Rail's heavy haul freight activities, has ordered up to 250 freight locomotives for around £250m (\$380m) from General Motors of the US.

Wisconsin needs the new diesel-electric locomotives to replace the ageing diesels it inherited from BR, the UK state network, when it acquired BR's train-load freight operations for £225m in February. The order represents

a blow for European rolling stock manufacturers. But GM, and its US rival General Electric, are generally recognised at the leading world suppliers of diesel-electric freight locomotives.

GM's Electromotive Division said yesterday that it would supply the locomotives at a rate of between 25 and 100 a year. Its plant at Legrange, Illinois will build the engines and electrical components while final assembly will take place in London, Ontario.

The locomotives will have an output of 3,000 hp, sufficient

for UK applications but only half the size of the largest diesels made by GM for use in the US. Similar GM locomotives are already in use in the UK by National Power - to move coal from the pit to power stations, and by Mendip Rail - for moving building aggregates from its quarries in the west of England.

US freight locomotive suppliers have the advantage of long production runs which allow them to produce relatively low-cost, reliable freight locomotives. In Europe, the state-owned railways, including BR,

have tended to place smaller orders, frequently changing the design. Wisconsin has complained that many of the locomotives it took over were not reliable or powerful enough.

Wisconsin, which runs freight railroads in the US, has ambitious plans to develop its freight operations in the UK. It hopes to develop single-wagon business, abandoned by BR several years ago in favour of train load or part-train load business, and to expand into container movements and international freight haulage.

• Rail travellers in large

parts of south London will be provided with a high-frequency off-peak service comparable with London Underground timetables from next week. Network SouthCentral, the British Rail franchise acquired last month by CGE of France, announced yesterday.

SouthCentral said it also planned to refurbish trains on the London-Brighton line over the next six to nine months and smarten up its stations.

The company must boost revenues to compensate for a sharply declining subsidy over its seven-year franchise.

Italian soccer star lured to London

By Patrick Harrington
in London

The Italian soccer player Gianluca Vialli has made history by becoming the first top Italian star to leave Serie A - traditionally the world's richest soccer league - for an English club.

The Italian striker, who led Juventus to victory in the European Champions Cup on Wednesday, signed for Chelsea on a salary worth £1m (£1.52m) a year.

The signing of the Italian is the latest coup for Chelsea, the west London club which last year hired the Dutchman Ruud Gullit, now the club's player-manager. Chelsea was recently floated on the London stock market.

Chelsea can afford a player like Vialli because the vast sum of money generated from match tickets, team merchandise and the sale of television rights - worth £30m over five years to Premier League clubs alone - has given the top clubs the economic muscle to compete for players.

Another factor is a ruling last year by the European Court of Justice which bans clubs from demanding transfer fees for out-of-contract players moving to another country.

Since the so-called "Bosman" ruling - named after the Belgian player who brought a restraint-of-trade case against his club - many English clubs have signed European and south American stars. Before Bosman, Vialli would have cost Chelsea as much as £5m in transfer fees.

Labour, like the government, said it will not take part in the new exchange rate mechanism, to be introduced as part of preparations for monetary union.

Mr Smith said self-imposed exclusion from EMU would deny Britain a say not only in the operations of the European Central Bank, but on more general issues such as:

- the enforcement of deficit reduction requirements
- the determination of external exchange rate policy for the euro (the name for the single currency).

Peter Aspin, Weekend FT Page XX

UK NEWS DIGEST

N Ireland arms dispute deepens

Serious differences have emerged between the Irish and British governments over the procedure for all-party talks. The government of the Republic of Ireland is insisting that an initial handover of arms cannot take place before significant political progress has been made. The issue, which has dogged the Northern Ireland peace process since the Irish Republican Army's ceasefire in August 1994, has led to a renewed bout of recriminations between the two governments.

The British believe the Irish are "moving the goalposts" on "decommissioning" of weapons, demonstrating that UK officials say is the propensity of the Irish government to remove agreed conditions in its efforts to accommodate Sinn Féin, the political wing of the IRA. Irish officials have told the British the parties will have to commit themselves to address "decommissioning" before the negotiations get under way. But an actual transfer of weapons will happen only when there has been "significant progress" in the talks.

FT Reporters

Shipyard wins \$76m order

Kvaerner Govan, the Scottish shipyard which is an offshoot of the diversified Norwegian group, has signed a contract to build a £50m (\$76m) chemical tanker. The order, which is subject to financing being finalised, will provide continuity of work for the yard's 1,300 permanent employees until mid-1997. Delivery is scheduled for spring 1998.

Kvaerner Govan has been securing more orders to maintain the yard's workload and make fuller use of its capacity. The yard is now fitting out a helicopter carrier for the Royal Navy being built under contract for VSEL. It is also building a £20m assembly and command ship for an international project to launch commercial satellites from a floating base in the Pacific, and has orders to build an oil products tanker and an oil platform supply vessel. The chemical tanker will be built for JO Tankers, a Norwegian company in which Kvaerner group has a stake.

James Buxton, Edinburgh

Cash for Names frozen

Lloyd's of London has obtained a High Court (LONDON) judgment awards won by Names even when they do not owe money to Lloyd's. The latest move affects £16m (£24.3m) which the Good Walker Action Group, representing some of the worst-hit Lloyd's Names, hoped to distribute to members. Names are individuals whose assets have traditionally supported Lloyd's. The ruling said the funds could not be handed over to Names until a series of legal arguments over the treatment of Names' litigation awards are resolved. That is unlikely before Names decide in August whether to back Lloyd's recovery plan.

Lloyd's yesterday published a Mori poll showing that 79 per cent of UK Names were likely to back the market's recovery plan. That compared with 58 per cent in November.

Ralph Atkins, Insurance Correspondent

More gun licences issued

There were 141,700 firearm certificates issued late last year covering 409,000 firearms. Firearms include all types of gun apart from cartridge shotguns commonly used in birdshot. The issue figure compares with 136,800 certificates in 1992 and a peak of 216,200 in 1988, says the Home Office. The number of registered dealers in firearms was 2,470 at the end of last year, down from a peak of 2,610 in 1988. There were 653,800 shotgun certificates on issue last year covering 1.3m guns. This compares with a peak of 882,000 certificates in 1988.

Mark Suzman, London

Regions battle to secure LG's \$1.5bn investment

By Stefan Wagstyl,
Industrial Editor

The stakes have never been higher for those involved in attracting investment to Britain than in the race to secure a proposed fibro (\$1.52bn) manufacturing complex from LG, the South Korean electronics group.

Never has a company planned to commit so much capital in its initial investment, or intended to recruit as many workers as LG's proposed 4,000.

Months of negotiations have come to a head in the past few weeks as LG prepares its final decision about where to site the plant. The front-runner appears to be Newport, in south Wales, but the group has also examined other sites in Wales, western England and Ireland. Welsh officials are anxious to play down speculation for fear of annoying LG. The group reacted angrily to a BBC report earlier this month that it had already chosen Newport.

There were indications in Seoul this week that it might be another month before LG decides. Three sets of executives are involved. There are those who run the LG chieftain, or industrial grouping, and those responsible for key affiliates: LG Electronics, which is planning a consumer electronics factory, and its 60-per-cent owned subsidiary LG Semiconductors, which wants

to build a microchip plant on the same site. "I've never seen a more complicated case," said one senior British inward investment official.

The tensions over LG's plans highlight how tough the competition for inward investment grants alone rarely decide an issue. Mr Juergen Gehrels, managing director of the UK subsidiary of Siemens, the German engineering company which is building a semiconductor plant in north-east England, said Siemens was offered more to go to Ireland instead of the UK but chose the UK because it was a much bigger market for Siemens' products.

Companies investing in the UK say decisions are based on a combination of factors. For most non-European companies the main criterion is a desire to establish themselves in the European Union. US, Japanese and Korean groups alike want to get closer to European markets and to be treated as EU insiders when it comes to trade disputes and similar issues.

Within the EU, Britain has won its place as one of the top destinations for overseas investment because of its accessibility. Only the US compares to foreign investors; Mr Shochiro Toyoda, the chairman of Toyota Motor, the Japanese carmaker that has a plant in England, said: "The US and the UK are easy and open markets for us."

Companies say that since all European countries now offer aid to potential investors, grants alone rarely decide an issue. Mr Juergen Gehrels, managing director of the UK subsidiary of Siemens, the German engineering company which is building a semiconductor plant in north-east England, said Siemens was offered more to go to Ireland instead of the UK but chose the UK because it was a much bigger market for Siemens' products.

Financial markets, Mr Smith said, might interpret a refusal to join the core as demonstrating a preference for retention of devaluation as an instrument of policy.

He added: "In such circumstances there is a risk that, as now, an interest rate premium would be demanded on sterling debt and a higher rate of return on investment in the UK." Britain, he said, might then lose out on investment.

Wales and Scotland have an important advantage with their own government departments and well-funded development agencies. In the year to March 1995, Wales and Scotland won 52.5 per cent of all grants to investors in assisted areas, even though they account for only 14 per cent of the population.

Mr Smith's speech, to the

Senior Labour MP warns of risk outside Emu

By John Kampfner,
Chief Political Correspondent

A senior member of the opposition Labour party warned yesterday of grave dangers for Britain if it chose to stay out of a single European Union currency.

Mr Tony Blair, the party leader, has recently been more circumspect in his public views on Emu. Mr Gordon Brown, the shadow chancellor who is seen as one of the most enthusiastic advocates of Emu, has announced that the Labour party will organise a conference of leading City of London figures to debate the main issues.

In a recent speech in Paris, Mr Brown said he needed to "take account of the effects on employment, industry and possible effects on the City of London and our other centres for business".

Labour, like the government, said it will not take part in the new exchange rate mechanism, to be introduced as part of preparations for monetary union.

Mr Smith said self-imposed exclusion from EMU would deny Britain a say not only in the operations of the European Central Bank, but on more general issues such as:

- the enforcement of deficit reduction requirements
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Peter Aspin, Weekend FT Page XX

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ASTIKA AKINITA

INCORPORATED COMPANY OF REAL ESTATE CONSTRUCTIONS TOURIST AND RELATED ENTERPRISES

PUBLIC CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF THE "MARTIN BEACH" HOTEL UNIT

"ASTIKA AKINITA S.A." (43 Panepistimiou str., 105 64 Athens) under its capacity as special liquidator, by virtue of Judgements nos. 593/1994 and 229/1995 of the Larnaca Court of Appeal, of the assets of the hotel unit under the title "MARTIN BEACH" (hereinafter referred to as the "Enterprise") which is owned by the incorporated company "MARTIN BEACH HOTEL S.A."

ANNOUNCES
a public call for tenders with sealed, binding offers, for the sale of the assets of the "Enterprise" which has come under special liquidation by virtue of article 46a, L. 1892/1990.

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY
The above unit is owned by the incorporated company "MARTIN BEACH HOTEL S.A." which was established by act no. 10.07/11.1.1988 of the Athens notary public K. Gavroulis. The head office of the company according to its articles of association is the Municipality of Skiathos, Prefecture of Magnisia. The company operated the hotel unit until the issue of the above judgments by the Larnaca Court of Appeal, whereupon it came under special liquidation as provided by article 46a, L. 1892/1990 and the company ASTIKA AKINITA S.A. was appointed special liquidator.

The hotel unit under sale belongs to Hotel Class B and has a capacity of 41 rooms - 80 beds. It is located at Tzanera, Isle of Skiathos, at a distance of approx. 4.5 km. from the town, on a site with a total area of 4,936.46 sq.m. The hotel complex consists of two (2) main buildings - wings covering a total constructed area of 2,230 sq.m. plus terraces and semi-covered areas, erected on fifteen different levels in line with the considerable natural inclination of the ground.

INVITES
all interested parties to receive an offer memorandum and submit a sealed, binding offer accompanied by a letter of guarantee by a Banking institution in Greece, for the sum of forty million drachmas (Dr. 40,000,000) with the contents described in the offer memorandum.

CONDITIONS
1. The public call for tenders will be carried out in accordance with the provisions of article 46a, L. 1892/1990 which was added to the law by virtue of the provision of article 14, L. 2000/91, as amended, modified and applicable, the terms included in the present call for tenders and the terms of the offer memorandum, which interested parties may obtain after submitting a pledge of confidentiality in writing.

2. In order to participate in the call for tenders, interested parties are invited to deliver a sealed, binding offer in writing by 11:00, Monday, June 24, 1996 to the Skiathos notary public Christos K. Giagkis, 28 Al. Papadimitriou street, 376 02 Skiathos, tel.: (0427) 2.2232, fax: (0427) 2.1988.

3. The offers and the letter of guarantee must be delivered in a sealed, opaque envelope by the interested party in person or a duly authorized representative.

4. The offer must mention clearly the amount offered for the purchase of the hotel unit of the "Enterprise" and must not contain any terms, options or vague phrases which might create uncertainty as to the amount, the manner of payment of the sum being offered or other matters related to the sale.

5. Offers delivered after the expiration date will not be accepted and will not be considered. The binding nature of the offers will apply until the award of the sale.

6. The assets of the "Enterprise" and all the secondary fixed or current attributes of which they consist, such as real estate, moveable objects, claims, name, title, rights, etc. will be sold and transferred "as and where they are", i.e. in their real and legal condition and at the place where they are located on the date of signing the contract of sale.

7. The liquidating company and the creditors representing 51% of total claims against the "Enterprise" (para. 1, article 46a, L. 1892/1990 as applicable) are not liable for any legal or real defects or the lack of any

ASTIKA AKINITA

INCORPORATED COMPANY OF REAL ESTATE CONSTRUCTIONS TOURIST AND RELATED ENTERPRISES

PUBLIC CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF THE "SKIATHOS PRINCESS ELISABETH" HOTEL UNIT

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ANNOUNCES
a public call for tenders with sealed, binding offers, for the sale of the assets of the "Enterprise" which has come under special liquidation by virtue of article 46a, L. 1892/1990.

BRIEF DESCRIPTION OF THE UNIT
The above unit is owned by the incorporated company "SKIATHOS TOURISM HOTEL AND GENERAL ENTERPRISES P.V. DERVENIS S.A." which was established by act no. 10.6.93/31.10.1990 of the Skiathos notary public Christos K. Giagkis, with head offices in the Municipality of Skiathos, Prefecture of Magnisia. The company operated the hotel unit until the issue of the above judgments by the Larnaca Court of Appeal, whereupon it came under special liquidation as provided by article 46a, L. 1892/1990 and the company ASTIKA AKINITA S.A. was appointed special liquidator.

The hotel unit under sale belongs to the Luxury Class and has a capacity of 133 rooms - 364 beds. It is located on the coast, at Agia Paraskevi, Isle of Skiathos, at a distance of approx. 6 km. from the town, on a site with a total area of 27,345.00 sq.m. The hotel complex consists of seven (7) main buildings - wings covering a total land area of 4,115.25 sq.m. plus covered areas, a total constructed area of 8,932 sq.m., and a number of auxiliary buildings serving the additional operational requirements of the unit.

INVITES
any interested party to receive an offer memorandum and submit a sealed, binding offer accompanied by a letter of guarantee by a Banking institution in Greece, for the sum of one hundred and fifty million drachmas (Dr. 150,000,000) and the contents described in the offer memorandum.

CONDITIONS
1. The public call for tenders will be carried out in accordance with the provisions of article 46a, L. 1892/1990 which was added to the law by virtue of the provision of article 14, L. 2000/91

COMPANIES AND FINANCE: UK

Allders drops after losses in duty-free arm

By Christopher Brown-Hunes

Allders, the UK department store group whose international duty-free arm is being fought over by BAA and Swissair, yesterday reported a 51 per cent drop in interim pre-tax profits from £16.5m to £3m.

The figures for the six months to March 31 included a £1m operating loss for Allders International - the unit being sold - after a £3.5m profit a

year earlier. The department stores increased profits from £10.1m to £11.6m.

The figures were brought forward for inclusion in the circular relating to the proposed sale of Allders International to BAA for £130m. But the disposal is being strongly contested by Swissair, which has tabled a rival £145m offer which it insists is put to Allders shareholders at an EGM on June 10. The two camps were locked

in a war of words earlier this week over whether Swissair's bid was legally binding.

Allders said its international operations had been hit by initial trading losses on duty-free contracts at Copenhagen and Brisbane airports.

It also noted that its rapid overseas expansion programme had increased the seasonality of the business. Sales at the unit expanded from £19.7m to £28.5m.

The 12 department stores and 10 out-of-town stores increased sales by 8.2 per cent to £191.7m, helped by the deferral of the mid-season sale into the second half. It said its gross margin was "satisfactorily ahead of last year".

The company said the recent performance of the department stores "had been the strongest for many years" with sales in the 12 weeks to May 18 up by 19.2 per cent. Like-for-like sales

grew by 11.5 per cent.

Allders is likely to use the figures to justify its decision to sell Allders International. The disposal will leave it with net cash of £60m for investment in the department stores, although it is also considering returning some of the surplus to shareholders.

The interim dividend is maintained at 2.4p. Earnings per share slipped from 11.3p to 3.8p.

Graham shares down 8% after profit warning

By Simon London

Shares in Graham Group fell 8 per cent yesterday, after the UK's second largest builders merchant warned that profits in the first half would be significantly lower than the same period of last year.

Mr Gordon Yardley, the chairman, told the annual meeting that poor market conditions had placed pressures on both sales volumes and margins.

Mr Ian Mills, chief executive, said that the small improvement in the second-hand housing market had not led to an increase in housebuilding activity.

While Graham had continued to gain market share in recent months, sales of building products remained generally weak, he added.

Builders merchants' margins are also being squeezed by stable prices. Inflation allows merchants to buy stock from producers at lower prices than they sell to customers.

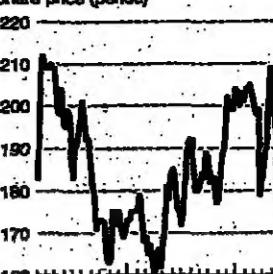
Mr Mills said that the main bright spot was increased spending by consumers on kitchens, bathrooms and other home improvements products.

However, consumer business accounts for only about 10 per cent of Graham's sales.

Last June it paid £51.6m for Erith, a rival chain, to become

Graham Group

Share price (pence)



Source: FT Estd

the UK's second largest builders merchant. Mr Mills said that the expected levels of cost savings and other benefits arising from the deal had been achieved.

"The problems are concentrated more on the Graham business than at Erith. The integration of the two businesses has gone very smoothly," he said.

Graham shares slipped 15p to 164p in March, when the company warned that sales in the early months of 1996 had been hit by poor weather and continuing weakness in the housing market.

Yesterday the shares shed 15p to 164p, as analysts cut profits forecasts for this year and next.

IBM high-flier quits unexpectedly

By Alan Cane and Paul Taylor

In 1991 he became general manager of the UK company and is credited with returning it to profitability. The following year he was named chief executive of the UK operations and was subsequently appointed to IBM's worldwide management council - one of the first Europeans to hold such a position.

In a move which took some by surprise he became general manager of IBM's banking, finance and securities industry operations in Europe, the Middle East and Africa in 1994.

Like Mr Temple, Mr Morgans is an IBM veteran, having joined the company from British Steel in 1987 as a cost accountant at the company's Havant plant. After a number of senior positions in finance, he was appointed director of quality and management services in 1992 and director of services in 1994. He continues as chief executive of the UK operations, a position he has held since 1985.

Glory is shortlived as WBB shares fall 30p

By David Blackwell

Shares in Watts Blake Bearne, the world's largest supplier of ball clay, fell 30p to 515p yesterday as the chairman warned that it would be "no easy task to maintain the continuous profit growth that we have experienced over the last few years".

The share price fall lent some irony to Mr Michael Beckett's statement to the annual meeting. His boast that the share price "is at its highest value since WBB went public in 1988" was shortlived.

UBS, the group's brokers, reduced its forecast for this year from £12.5m to £11.7m.

Last month the group reported a 14 per cent increase in pre-tax profits for 1995 to £11.3m, on sales of £104.9m, up 22 per cent. The group said this year had seen a slower start, but there was nothing to be concerned about.

But yesterday Mr Beckett warned of difficult conditions in its main markets: Germany, Italy, and the US. He said: "We are unlikely this year to record growth on the significant scale experienced in 1995." However, the group was performing better than its competitors.

Bank keeps Rodime afloat

By James Buxton

Rodime, the disc drive pioneer whose only trading is the commercialisation of its patents, made a rare pre-tax profit in the six months to March 31.

Pre-tax profit was \$5.1m (£3.35m), against a loss of \$2m. The Edinburgh-based company received \$5.4m from the repayment of a guarantee provided to Bank of Scotland on borrowings by Rodime Singapore, a

former subsidiary. It also received \$1.2m (£800,000) in operating income as royalties from one of its licensees. But there was an operating loss of \$319,000 (£11m).

The repayment was agreed with Bank of Scotland to keep Rodime afloat until the conclusion of litigation with Seagate, a US disc drive maker. The trial, over allegations of patent infringement, is due to start in the US on October 1.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Date of payment	Dividends corresponding to period	Total for year	Total last year
Allders	6 mths to Mar 31	498.2	(570.9)	8 (16.5)	2.4	Aug 22	2.4
Barts & Sons	Yr to Mar 31	114.2	(115.6)	2.48 (5.54)	0.8	-	1
Cashflow	6 mths to Mar 31	3.5	(1.7)	0.48 (1.0)	0.01	Aug 8	2.25
Chubb & Nicholls & NBL	Yr to Mar 31	27.5	(25.4)	1.73 (1.53)	1.58	Jun 11	4.75
ClubPartners ♦	Yr to Dec 31	2.78	(0.524)	0.119 (0.020)	0.32	6.34	7
Danson Holdings ♦	6 mths to Mar 31	268.5	(291)	14.5 (16.13)	12	July 19	10
Fawcett	6 mths to Mar 31	17.97	(16.13)	2.28 (3.83)	3.5	Aug 2	2.75
Get	6 mths to Feb 28	16.7	(19.4)	0.832 (7.43)	2.16	7.8	0.5
Great Western ♦	6 mths to Mar 31	12	(9.4)	0.134 (2.72)	1	Aug 2	-
PWS Holdings	6 mths to Mar 31	6.2	(4.6)	0.208 (0.47)	1.01	Aug 2	0.25
Reed Elsevier ♦	6 mths to Mar 31	1.24	(0.071)	5.09 (1.98)	3.1	Aug 2	-
Wilco	6 mths to Jan 31	0.425	(1.65)	0.4149 (0.482)	0.35	Aug 2	-
Wolverhampton & Dudley	6 mths to Mar 31	116.2	(116.5)	18.29 (17.8)	18.3	Aug 2	5.4
Investment Trusts							
Crediton Bay	4 mths to Apr 30	55.12	(53.18)	0.0534 (-)	1.51	Aug 2	-
English National	Yr to Mar 31*	33.1	(28.4)	0.425 (0.85)	1	Aug 2	5.78
Fleming Indian	6 mths to Mar 31	59.4	(69.4)	0.155 (0.522)	0.17	Aug 2	nil

*Final results. Dividends shown net. Figures in brackets are for corresponding period. ♦After exceptional charge. ♠On increased capital. ♣All stock £10m.

second half and benefits would not be seen until next year. "It is still an immensely competitive market," he said.

On the retail side he said general business remained under pressure, but the life and pensions side was growing very strongly.

Mr David Griffiths, finance director, said dividend cover, at 1.3, was "a bit thin" compared with Fenchurch's historical cover of 1.8, but he would be disappointed if Fenchurch could not maintain the dividend at the full year.

Expenses rose 24 per cent to £16.6m, although Mr Small said: "We were getting to grips with the rise through the rationalisation of the Houlder business." This is neces-

sary for the long-term future," he said.

Earnings per share fell from 6.6p to 3.5p, and the interim dividend is maintained at 2.75p.

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COMPANIES AND FINANCE: INTERNATIONAL

Japan's banks make progress up debt mountain

By Gerard Baker in Tokyo

A uniquely favourable financial climate enabled Japanese banks to make greater progress towards tackling their bad loan problems in the year to March than at any time since the country's banking crisis began five years ago.

The combined effects of falling interest rates and soaring securities markets gave the large city, or commercial, banks vital leeway in writing off a total of more than ¥6,000bn (S\$62bn) in bad loans accumulated during the collapse of the "bubble" economy since 1991.

Several of the leading banks now report that most of their problem loans are largely covered by specific reserves, and hence that their long crisis is over.

But for most lenders, euphoria at the progress made must be tempered by the realisation that there is much further to go before the period of asset quality problems can be put firmly behind them.

Yesterday most of the city banks reported a sea of red ink, their largest losses ever, as a result of their decision to write off the loans. They were

How the banks' operating results compared (Yen)

	Operating revenue 1995-96	Net business profit 1995-96	Recurring profit* 1995-96	After-tax profit 1995-96	Bad loans**	Change since Sept 95 (%)
	1994-95	1994-95	1994-95	1994-95	1994-95	
Sanwa	3,188.0	2,753.4	490.9	-261.5	46.8	-14.6
Fuji	2,991.9	2,670.9	465.6	-500.1	38.1	-25.5
Mitsubishi	2,992.0	2,672.1	412.8	-248.6	42.8	-0.6
DKB	2,784.1	2,416.3	507.4	-221.7	54.2	-12.5
Sumitomo	2,694.4	2,268.8	414.3	-327.7	33.5	-10.5
Bank of Japan	2,691.0	2,216.0	333.2	-160.1	32.2	-12.5
Tokai	1,919.0	1,494.6	222.2	172.4	54.2	-14.7
Asahi	1,887.1	1,463.5	221.1	145.8	29.7	-6.7
Osaka	1,180.7	1,287.1	203.4	146.7	-162.0	+3.4
Hokkaido Tak	368.3	457.7	141.8	93.2	-72.9	-2.6
Total	23,254.8	22,193.7	3,500.0	2,058.7	-1,478.0	-18.0
				40.8	-1,751.7	-9.0
					75.5	12,416.4
						-9.0

*Excluding extraordinary items, on which interest rate losses specially reduced. **Deferrals differ slightly between banks.

Source: Comptroller

able to make such progress for two main reasons.

First, they benefited from falling interest rates and a strong bond market, conditions that produced their best ever core business profits - a combined figure at the 11 banks of ¥3,500bn, up 7% per cent on year earlier.

But most of them were able to go further in write-offs than even the improved operating profits allowed because of the surging stock market. This enabled banks to declare (or most of them unprecedented) net losses, without inflicting severe damage on their capital adequacy ratios.

The results leave the city banks much higher up the mountain of bad debt they have been forced to climb for the past few years.

Overall, 45 per cent of the banks' bad loans are now provided for - but that figure covers wide differences between

banks. At Sanwa, for example, the rate of coverage is 55 per cent. A spokesman for one of the stronger banks expressed relief: "We can really say that the asset quality problem is behind us now."

But before the crisis that has brought banks to the brink of disaster in recent years can really be considered to history, two big questions remain: how much of those bad loans are already covered in banks' loan loss reserves? And how much further?

The bigger problem for all banks, however, may be the emergence of new problem loans. In spite of the high level of direct write-offs at this time,

the total outstanding amount of bad loans fell by just 9 per cent. This suggests banks are still discovering, or owning up to, the massive volume of bad loans held at some of their affiliates, where asset quality deficits have in the past been very murky.

Only as the losses from these companies start to filter through over the next year or so will the true final picture of the problem emerge. And with the favourable market conditions that obtained this year unlikely to be repeated in the next few years, most banks still face more years of steep climb up the bad debt mountain.

Mazda posts its first profit for three years

By Michio Nakamoto in Tokyo

Mazda, one of Japan's leading car makers which recently came under the control of Ford, reported its first profit for three years, helped by cost-cutting measures and asset sales.

Last year, Mazda suffered from poor sales of its mainline passenger cars at home and the sharp increase in the yen's value overseas. Exports, which have made up more than half of total sales in the past, plunged 20 per cent.

As a result, the company suffered a 15 per cent drop in unconsolidated sales from ¥1,699.5bn to ¥1,443.5bn (\$13.5bn) and a loss of ¥12.5bn at the operating level. While this operating loss was an improvement on the ¥35.7bn operating loss Mazda made previously, it was its third consecutive operating loss.

Cost-cutting measures shaved ¥110bn off its operating losses. That contribution was, however, denied by the negative impact of currency fluctuations and a fall in sales which reduced operating income by ¥87bn, Mazda said.

In order to avoid another pre-tax loss, Mazda sold securities holdings and posted recurring profits - before extraordinary items and tax - of ¥1.2bn, against a deficit of ¥36.5bn last time. Net profits came to ¥35m compared with a ¥35.8bn loss.

In the current year, Mazda expects to improve sales to ¥1,520bn.

It forecasts the first operating income in four years of ¥20bn, recurring profits of ¥25bn and net profits ¥20bn, helped by further cost cuts and a better exchange rate. The company also plans to cut debt by ¥90bn in the year.

Suzuki, the small car maker, saw sales rise 7 per cent from ¥1,048.5bn to ¥1,120.5bn and recurring profits 28 per cent from ¥23.3bn to ¥29.5bn due to firm demand for its cars. Net profit rose 18 per cent to ¥8.6bn.

Daihatsu, the car and commercial vehicle maker controlled by Toyota, posted a 62 per cent rise in recurring profits to ¥9.8bn, against ¥6.8bn last time. Sales declined 3 per cent from ¥701.7bn to ¥678.7bn due to fierce competition in overseas markets which offset its success in Japan.

Cost cuts help Japanese steel groups advance

By William Dawkins in Tokyo

Japan's top five integrated steel makers yesterday provided a case study of how to increase profits in a stagnant market.

Their return to the black in the year to March, closely in line with market expectations, came almost entirely as a result of cost cutting and despite barely changed sales.

It was also a reflection of how, unusually for Japanese steel makers, they refused pressure from Chinese export customers to cut prices, a break with their old tradition of sacrificing margin to win market share.

The big five confirmed in their forecasts for the year ahead that they will, on the whole, increase profits. Sumitomo Metal and Kawasaki Steel are to celebrate the recovery by paying dividends, after having dropped

pay-outs for the past two years for the first time in three decades.

But this year's earnings recovery will again have little or no help from prices or volumes, in contrast to the earlier recoveries of the US and European steel industries, where cost cuts were followed by a revival of steel demand.

Japanese crude steel production barely exceeded 1,000 tonnes last year, down slightly from 1,010 tonnes in the previous year.

Intensifying competition from high quality and low cost South Korean and Taiwanese producers, an estimated increase in raw materials costs of more than 10 per cent in yen terms, over-capacity in the region, and an expected decline in export demand point to continued tough times ahead.

But overall, this year's profits gain will come from continued cost cuts, said Mr Wolfe.

Stephen Wolfe, analyst at UBS Securities in Tokyo.

Over the past decade, they have cut their workforces by between 53 per cent at Nippon Steel, the largest and most aggressive, and 28 per cent at Sumitomo Metal Industries.

More job reductions are to come, but the focus is now shifting towards transferring production of downstream products to cheaper locations in emerging markets offshore.

An example is NKK, which has over the past year transported an entire pipe making plant from Japan to China, a technique that steel analysts expect to see become more common.

The only exception to the increased profits forecast this year is Kobe Steel, which expects a decline in pre-tax earnings at the consolidated level.

This is because Kobe's electronics subsidiary, part of

the strategy which has turned

it into Japan's most diversified steel company, will be hit by the decline in memory chip

prices. But Kobe is, like the others, forecasting parent company profits growth.

Sandvik lifts Tampella stake to 41.4%

By Hugh Carnegie in Stockholm

Sandvik, the cash-rich toolmaker chaired by Mr Percy Barnevik, yesterday seized the initiative in a see-saw battle with fellow Swedish company Svedala for control of the Finnish industrial group Tampella.

In a swoop on the Helsinki stock exchange, Sandvik paid more than FM220m (\$42.2m) for a 15.1 per cent stake in Tampella to take its total holding to 41.4 per cent. Sandvik paid up to FM10.90 for the shares, a price higher than the FM10.50 cash-or-shares bid for the whole company by Svedala which valued Tampella at FM1.4bn.

The move by Sandvik, which

acquired its initial 26.3 per cent stake from Kværner of Norway for SKr500m (\$73m) last month, appeared to wreck any chance that Svedala, a leading manufacturer of mining and construction equipment, could reach its target of 51 per cent acceptance for its bid.

In addition to the stake it now holds, Sandvik also said it was in discussions with Tampella with a view to converting its existing 25 per cent share in Tampella, the main Tampella subsidiary, into shares in the parent company.

That would push Sandvik over 50 per cent. A further 14 per cent stake in Tampella is held by Rauma, another Finnish engineering giant AB, was sitting on liquid assets of SKr8bn at the end of

Sandvik. The Tampella board is also understood to favour Sandvik.

The main hope now is for Svedala to seem to be a deal with Sandvik under which a Svedala-Tampella merger would proceed while preserving the existing industrial link between Tamrock and Sandvik.

Sandvik would become a leading owner in Svedala instead of Tampella. But executives close to the bidding said it was too early to judge whether such a deal was possible.

Sandvik, chaired for the past 13 years by Mr Barnevik, the chief executive of the Swiss-Swedish engineering giant AB, was sitting on liquid assets of SKr8bn at the end of

last year and is now seeking to move on to a more expansive footing.

Svedala, which has promised big synergy gains from a merger with Tampella, said it would press ahead with its bid.

Most analysts say Svedala's proposal offers a better industrial argument than Sandvik's approach - as well as offering equal terms to all shareholders. Svedala says a merger would create a world leader in the mining and construction equipment sector and would yield SKr250m a year in synergy benefits.

Sandvik has a long-established co-operation with Tamrock's drill-making operations which it says is of strategic importance to the group.

Malaysian banks enter merger talks

By James Kyng in Kuala Lumpur

Malaysia's Pacific Bank and the Malaysian unit of Singapore's Overseas-Chinese Banking Corp plan to merge into what analysts expect will be a top league player in this country's overcrowded banking industry.

Discussions on the merger are starting immediately but bank officials declined to provide details yesterday on how it will happen.

The new entity will have 94 branches, total deposits of M\$1.4bn (US\$4.6bn) and loans and advances of M\$1.1bn, placing it fourth in the hierarchy of Malaysian banks.

OCBC, which already owns 30 per cent of Pacific Bank, is now classed as a foreign bank. But the merged entity will be Malaysian, thereby skirting government regulations applied to foreign banks and also benefiting from Pacific Bank's wide distribution of branches.

For Pacific Bank, the merger is seen as beneficial mainly because of OCBC's superior financial standing. OCBC Malaysia reported net profits of M\$136.8m in the year ended June 30 1995. Pacific Bank earned M\$39.6m in net profits for its 1995 year.

Mr Lin See Yan, Pacific Bank chairman, has made clear his desire to expand, but analysts said he has until now lacked the funds to do so effectively.

"This merger could apply the pressure for others to follow," said one banking analyst.

The merger will please Bank Negara, Malaysia's central bank, which has been urging local banks to merge into stronger entities better able to compete as the country liberalises its financial services sector in line with World Trade Organisation commitments.

With 37 banks - 35 of them local - serving a population of 20m, it is widely believed that many in Malaysia's banking sector are living on borrowed time.

"The management changes come at a crucial time for NTT, which faces a government decision by the end of the year on whether or not it is to be broken up to stimulate further competition in the domestic market.

During a turbulent year, the carrier managed to boost group revenues by 12 per cent from Y1,037.2bn to Y1,908.6bn (\$74.6bn) and to nearly double pre-tax profits after extraordinary items from Y147.7bn to Y423.6bn. Net profits almost tripled from Y78.3bn to Y212.3bn.

In the current year, however, NTT forecasts higher group revenues of Y8.221bn but lower recurring profits before extraordinary items, of Y234bn due to a cut in charges.

Mr Nakamoto, NTT's president, said yesterday that the company expects group profits to improve with sales forecast at Y1,170bn and net profits at Y74.3bn.

Michio Nakamoto, Tokyo

NTT names new president

NTT, Japan's dominant domestic telecoms carrier which yesterday said Mr Junichiro Miyazaki would succeed Mr Masashi Kojima as president, reported a strong rise in group profits in the year to March on the back of higher basic rate charges and buoyant mobile phone and network revenues at subsidiaries.

Mr Miyazaki will replace the outspoken current president who has fought doggedly against a break-up of the telecoms giant being proposed by the ministry of Posts and Telecommunications. Mr Kojima is to become a director of the telecoms ministry, will become chairman.

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Michio Nakamoto, Tokyo</

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS
Copper tries to consolidate

The London Metal Exchange copper market was trying to consolidate yesterday at the end of a week that had seen price plunge to two-year lows at one point.

The sellers who got the upper hand on Friday of last week, sending the three-month copper price down by \$136.50 a tonne, or 5.1 per cent - were back in force on Monday, quickly wiping another 7 per cent off the price. The market steadied later, however, reflecting, said a trader, the fact that "copper had gone from over-bought to over-sold in the quickest time ever".

The previous Friday's fall had been influenced by reports of potential oversupply and a rise in LME warehouse stocks of the metal. Traders also

LME WAREHOUSE STOCKS (At Thursday's close)

Aluminium	+8,000	to \$125.175
Aluminium alloy	-800	to \$124.825
Copper	+1,875	to \$125.550
Lead	+75	to \$35.105
Nickel	+85	to \$35.105
Zinc	+125	to \$125.000
Tin	+75	to \$9.075

suggested that two US hedge funds had issued orders to brokers to sell huge quantities of copper.

Monday's late consolidation continued on Tuesday, in spite of an unexpected (though admittedly small) rise on LME stocks, but Wednesday saw fresh turmoil as the "longs" and the "shorts" battled for the upper hand. For a while the bears seemed to have the bulls by the horns, and the three-month price dipped \$100 to a two-year low of \$124.50 a tonne.

"The big long is keeping the market on its toes," said one Rentsch.

Copper prices managed a modest rally yesterday as sellers backed off. Dealers also noted that the speculative battle around a massive long position was still going on. "The big long is keeping the market on its toes," said one Rentsch.

A worrying sign for the

shorts, however, was that the cash premium was widening again, indicating that LME stocks of copper were tightly held. "It is very dangerous to go short at a time like this," commented one analyst. "The shorts will win eventually because so much extra copper will be produced this year, but it will be a bloody battle."

Other LME metals generally followed copper's lead. The exception was lead, which moved up quite strongly from Tuesday onwards before surrendering most of the gains yesterday. Supply of the metal remained tight, dealers said, and LME stocks were still falling.

At the London Commodity Exchange coffee and cacao futures both lost ground quite heavily over the week. After an early recovery ran out of steam, the July robusta coffee position ended \$1 lower at \$1,796 a tonne yesterday, \$168 off overall. July cacao's \$12 rise left it \$22 down on balance at \$1,118 a tonne.

The lingering concern about the possibility of frost hitting Brazilian growing regions was pushed into the background as technical signals in the coffee market took a decisive turn for the worse. "The fact that the longer-term moving averages are broken and the gap has been filled... without a doubt, those are fairly weak technical signals," Adrian Hayler, technical analyst at Sudden, told the Reuters news agency. "Support has been breached, suggesting strongly we have seen the highs for now," said Eli Gifford at Investment Research of Cambridge.

Cocoa prices managed a modest rally yesterday as sellers backed off. Dealers also noted that the speculative battle around a massive long position was still going on. "The big long is keeping the market on its toes," said one Rentsch.

LCE white sugar futures yesterday continued their drift lower, with operators reluctant to enter into fresh positions ahead of the long weekend. Nearby values were about \$5 a tonne down on the week in late trading.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1989	—
Gold per troy oz.	\$360.70	-1.35	\$367.00	\$415.40	\$373.0
Silver per troy oz.	361.00	-0.50	344.30	393.90	267.90
Aluminum 99.7% (kilo)	\$156.55	-22.0	\$179.00	\$197.60	\$192.95
Copper Grade A (kilo)	\$238.5	-37.0	\$284.50	\$210.0	\$248.65
Lead (kilo)	\$83.00	-6.0	\$80.00	\$92.75	\$80.05
Nickel (kilo)	\$778.00	-205	\$780.00	\$780.00	\$780.00
Zinc (kilo)	\$102.00	-1.00	\$102.00	\$102.00	\$102.00
Tin (kilo)	\$62.50	-55	\$80.00	\$85.00	\$80.00
Coffee Futures May	\$1,085	-10	\$282	\$282	\$157.0
Coffee Futures May	\$1,075	-31	\$282	\$282	\$157.0
Sugar (LDP Raw)	\$291.5	+42.2	\$330.7	\$330.7	\$282.9
Bailey Futures Sep.	\$106.00	-1.00	\$107.50	\$107.50	\$107.50
Barley Futures Sep.	\$108.00	-1.00	\$108.00	\$108.00	\$108.00
Wheat Futures Sep.	\$108.00	-1.00	\$108.00	\$108.00	\$108.00
Crude Oil Futures -4 Index	\$20.30	-0.00	\$19.80	\$19.80	\$19.80
Wool (Bale Super)	440.00	-2	520.00	450.00	430.00
Oil (Brent Super)	\$18.11	+1.48	\$18.77	\$22.13	\$18.00

Per tonne unless otherwise stated. p Previous. c Current. b. by July.

WORLD BOND PRICES

MARKET REPORT

By Lisa Branstien in New York and Conner Middelmann in London

US Treasury bonds posted modest gains in quiet trading yesterday as traders set positions ahead of the market's early close and three-day weekend. At the 30-year close, the benchmark 30-year Treasury bond was up 1/8 at \$94 to yield 6.842 per cent. The two-year note rose 1/8 to 92.98%, yielding 5.011 per cent. The June 30-year Treasury bond future rose 1/16 to settle at 110.

The market closed early yesterday and was to be closed on Monday in observance of Memorial Day.

Prices dipped in early trading after the release of data on April durable goods orders. Although the figures showed a 1.8 per cent decline in orders, excluding the volatile transportation component, orders were flat leaving investors uncertain about the strength of the economy.

European government bond markets followed US Treasury issues higher and ended close to their day's highs in thin dealing ahead of the long weekend.

BENCHMARK GOVERNMENT BONDS

Coupon	Rate	Price	Day's change	Yield	Week	Month
Australia	10.000	92/08	107.7400	-0.420	9.82	9.83
Canada	7.500	92/08	100.0000	-0.080	6.47	6.43
Denmark	7.500	92/08	102.3200	-0.080	6.68	6.69
France	8.000	93/08	104.2000	-0.040	7.58	7.69
Germany	5.750	92/08	108.3600	-0.460	7.50	7.68
Iceland	8.000	93/08	104.2000	-0.040	7.38	7.37
Italy	8.000	93/08	104.2000	-0.040	7.38	7.37
Japan	No 140	92/08	110.8000	-0.040	8.00	8.00
Netherlands	8.000	91/08	108.2000	-0.140	7.24	7.30
Portugal	8.000	91/08	107.7000	-0.120	6.91	6.86
Spain	8.000	94/08	117.3000	-0.100	9.82	9.15
Sweden	8.000	92/08	108.2000	-0.100	8.93	8.93
UK	9.000	92/08	103.0000	-1.02	7.40	7.35
9.000	10/08	106.19	-0.320	8.05	7.98	
9.000	05/08	106.19	-0.320	8.14	8.10	
9.000	10/08	106.19	-0.320	8.14	8.10	
US Treasury	8.000	05/08	106.20	-0.311	8.94	8.85
8.000	05/08	106.20	-0.311	8.97	8.88	
EURO (French Govt)	7.500	04/08	104.0600	-	8.05	8.05

London closing, New York mid-day. £ Gross including withholding tax of 12.5 per cent payable by nonresidents. Source: LME Information

MARGINED CURRENCY DEALING

CALL TOLL-FREE

Austria 0600 749000

Denmark 8001 0407

France 0300 4025016

Germany 0170 707575

Norway 8001 1181

Spain 902 594814

Switzerland 155 3548

OR CALL DIRECT Tel: (48) 40 301 970

Fax: (48) 40 321 851

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINUM, 99.7 PURITY (\$ per tonne)

Cash 3 tonnes

Close 1568-87

Previous 1563.5-64.5

High/low 1560

Open Int. 1560-80

Total daily turnover 42,541

■ ALUMINUM ALLOY (\$ per tonne)

Closes 1305-10

Previous 1290-300

High/low 1300-300

Open Int. 4,916

Total daily turnover 1,638

■ LEAD (\$ per tonne)

Closes 825.30-35

Previous 842-44

High/low 825.83

Open Int. 825-87

Total daily turnover 16,911

■ NICKEL (\$ per tonne)

Closes 7760-80

Previous 7745-55

High/low 7655-7620

Open Int. 7735-40

Total daily turnover 14,715

■ ZINC (\$ per tonne)

Closes 1052-28

Previous 1052-35

High/low 1052-35

Open Int. 1052-35

Total daily turnover 16,911

■ CHROME (\$ per tonne)

Closes 2,020-24

Previous 2,015-24

High/low 2,015-24

Open Int. 2,015-24

Total daily turnover 16,911

■ COPPER (\$ per tonne)

Closes 1020-24

Previous 1015-24

High/low 1020-24

Open Int. 1020

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday May 25 1996

Electoral imperatives

Heavyweight opinion at the top of the Conservative party, at least until this week, tended to favour putting off the evil day of the election as long as possible. Interestingly, there are many in the Labour leadership who are equally keen to go to the hustings later rather than sooner. The Tories have their economic reasons, while Labour has much work to do in putting its policies into shape. Yet it is hard to see how both can gain equally from electoral timing which is in the gift of the party in office.

The rules of the great electoral guessing game may now have changed as a result of Mr Major's brief war. Yet the idea that this bizarre effort to disrupt the business of the European Union could prove as advantageous, electorally, for Mr Major as the Falklands war was for Margaret Thatcher would be absurd.

Only marginally less ridiculous has been the half-cock response of opposition leader Mr Tony Blair, who seems less and less inclined to oppose anything as the election approaches. In reality, the working presumption must be that economic conditions will dictate the timing of the decision to go to the country.

On this score things are beginning to move in the Tories' direction. Eighteen months ago, all the talk was of Britain being afflicted with two separate economies. One, the manufacturing sector, was surging, while the non-manufacturing economy was flat. That was a recipe for virtuous but voteless export-led growth, since less than 4m people, or 18 per cent of the employed workforce, are engaged in the business of manufacturing.

Today it is the other way round. Manufacturing output has shrunk in two successive quarters, and orders remain weak. Demand for British exports in Europe has flagged, as Germany and France have tightened fiscal policy in their preparations for monetary union.

Stronger demand

The problem has been exacerbated in recent weeks by the strength of sterling against the D-Mark. The rest of the economy, meantime, has picked up. The pace of consumer spending in the first quarter has been faster than at any time in the past two years. News from retailers, most notably Marks and Spencer, has pointed to some return of consumer confidence, albeit patchy.

The two-speed economy is unlikely to last very long, since it reflects an excessive accumulation of stocks. Once that excess has run down, manufacturers will feel

the benefit of stronger demand. As for export prospects, the US economy is relatively strong, while continental Europe must soon respond to the Bundesbank's efforts to loosen monetary policy.

If there are surprises this year,

they are more likely to be on the side of growth than stagnation.

Perhaps the best news for the government is that the building societies are awash with liquidity. When combined with windfalls and building society conversions and mergers, the resulting rise in house prices will put further wind into the sales of the consumer, whose purchases are heavily influenced by the volume of transactions in housing.

Tempting promises

The case for going to the country in the autumn rests partly on the argument that interest rates may have to rise before May next year, especially if growth proves stronger than expected. Alternatively, the surprising weakness of tax revenues and high level of public sector borrowing might call for a budget that will disappoint the electorate. Yet even if the budget is no giveaway, the chancellor could still make tempting promises for the future that would put Labour on the spot.

The case for playing a long game is simply that the Tory plight is desperate and that salvation can only lie in allowing disposable incomes to rise for as long as possible in the hope of eradicating the memory of the swinging tax increases that were required after the last attempt to bribe the electorate. The trouble is that economic growth and a more buoyant housing market may not be enough.

With the ageing of the population, the current low level of building society interest rates hits older savers hard. And if the much discussed phenomenon of insecurity has any substance, the natural link between economic growth and a sense of well-being may no longer work according to the rules.

The next few months will show whether the absence of the feel-good factor was a superficial affliction or a reflection of a deeper malaise. In the meantime Mr Major's government increasingly resembles the Labour administrations of the 1970s, in which holding the party together became the chief aim of policy. The risk is that what goes down well with the cabinet, the Tory backbenches and the tabloids will not play nearly so well in the country. Drift, even when clothed in aggression, is rarely a winning strategy.

The two-speed economy is unlikely to last very long, since it reflects an excessive accumulation of stocks. Once that excess has run down, manufacturers will feel

When Keith McCullagh learnt in 1985 that he was losing his job, he smiled: this was his chance to realise his dream. Within a year he had raised £1.5m to start his own business, British Biotechnology. This week the value of that business briefly exceeded £2bn on hopes that one of its drugs would prove a cancer cure.

The 350-employee company, with McCullagh as chief executive and his closest aide, James Noble, as finance director, is a potential entrant into the FT-SE 100 list of Britain's leading companies. McCullagh's shares and options are worth £30m and Noble's £5.7m.

For McCullagh, none of this is enough. "I have wanted to create a big pharmaceuticals company from the day the business started," he says softly. "Business and entrepreneurship are not only worthwhile goals – perhaps they are the most important goals for anyone in life."

Such ambition befits British Biotech. It is the latest company to emerge from the ranks of small high-technology enterprises and fire the imagination of investors and the public. They hope that it will be an extraordinary medical and financial success. Its predecessors include spectacular failures and great successes. The model for most biotech entrepreneurs is Amgen of California, founded in 1980 and now worth \$15bn, thanks to just two successful products.

The business strategy for a biotechnology company is straightforward: take a bright scientific idea and turn it into a medicine. If the medicine is better than any on the market, especially in treating a lethal disease such as cancer, millions of lives are saved and fortunes made for the inventors and their backers.

British Biotech's leading drug in research is called marimastat. It works by blocking a family of enzymes called matrix metalloproteases (MMPs).

These enzymes break down the glue that holds together the body's cells. In cancer, they give a tumour breathing space to grow. Marimastat is the most advanced MMP blocker in its class. If it works, it could control or cure any solid tumour cancer – more than 90 per cent of all cancers.

Marimastat is being tested in Europe and the US on 10 different cancers, including pancreatic and ovarian, in which patients usually die within a few months of diagnosis, and lung and bowel, two of the biggest cancer killers in the world.

The potential is enormous. One million new cases of lung and bowel cancers alone were diagnosed in developed countries during 1983, according to the charity, the Cancer Research Campaign.

The best cancer drugs on sale today are aimed at one or two cancers. Analysts say Bristol Myers Squibb's recently-launched Taxol, for breast and ovarian cancers, could eventually generate annual sales of \$1bn.

It is no wonder that the prospect of a drug that tackles many cancers has excited the stock market, especially when marimastat's potential was apparently confirmed by the latest results from clinical trials published on Tuesday.

Blood tests on 322 patients who completed a 26-day course of the drug showed that the levels of "cancer antigens", proteins released by tumours, had been strongly affected

Men in the News · Keith McCullagh and James Noble

The biotechnologist and the money man

Hopes of a miracle cancer cure sent the shares soaring but British Biotech is entering a critical phase, says Daniel Green



by marimastat in more than half the patients. Normally, the level of antigens would double over the period of the trial, but in about 30 per cent of cases, the antigen levels stopped increasing or fell. In a further 26 per cent, the increase was less than 25 per cent.

In the trial, antigen levels seemed directly linked to patients' health. Those 56 per cent whose antigen levels showed a strong response lived roughly twice as long on average as those who did not.

These results were described by Peter Lewis, British Biotech's head of research and development, as "about the best possible at this stage in development".

The shares leapt on the news, briefly hitting £38 each, compared with less than £5 a year ago. But by the end of the week the shares had sunk to £27.90, as the trial results triggered a vigorous debate among analysts and investors in the drugs industry.

The argument is about how likely

it is that marimastat will make it to the market. At the moment the drug is in the second phase of the three-phase process usually required by health regulators.

Phase three trials will be the first to compare marimastat with a placebo or the best other treatment available, and neither the doctor nor patient will know whether they are using the drug or an alternative.

Analysts at stockbrokers BZW, Nomura, UBS and Salomon Brothers believe the shares are seriously overvalued. Others, such as those at Lehman Brothers, Flemings, Morgan Stanley and Grieg Middleton, are more optimistic. Depending on who is talking, British Biotech shares could be valued at anything between £5 and £25 each.

Similar differences of opinion are apparent in the industry. A senior executive with one of the UK's biggest drugs company says: "They are saying this drug will work on almost every cancer. I just do not believe that." But Peter Fellner, chief executive of British Biotech's closest rival Celtech (worth a mere £500m), praises the company, the drug and McCullagh. "If anyone can make it in this business, he can," he says.

The arguments will only be resolved when results of the phase three trials come in, more than a year from now. If they are good, product launch is pencilled in for 1999.

In spite of the furor, McCullagh's confidence in the company's destiny is unshakable. Marimastat is only one of the products being developed in British Biotech's laboratories; others include possible treatments for asthma and rheumatoid arthritis. He says: "We will get into the FT-SE 100 this year or next if marimastat goes well. Our drugs add up to assets that are really worth the kind of money that people are talking about."

These are not the words of a

crackpot inventor with a new gadget. McCullagh came to biotechnology from G.D. Searle, a US pharmaceuticals company of which he was director of research in the UK.

In 1985, Searle was taken over by Monsanto, the US chemicals company, and the decision to close the UK operation followed swiftly. It did not take long for McCullagh, then 41, to put into action his long-nursed plan to build a pharmaceuticals company from scratch.

There was no entrepreneurial tradition in his comfortable middle-class background. He trained as a vet. The ambition arrived during a four-year stint as a research scientist in the US.

"My eyes were opened," he says. "I knew I'd never be happy if I couldn't create a business that generated revenues and profits that fed the society in which I lived. It's not sufficient to gather knowledge without applying it."

On returning to the UK, he ran a laboratory at Bristol University before applying to be head of biology at Searle. Celtech's Fellner, who recruited him to Searle, says: "Our prejudice was to pick someone from industry. But Keith was clearly more able than anyone else."

McCullagh's rise may have been helped by a ruthless streak. The co-founder of British Biotech, Brian Richards, left the board last year. "Keith wants to be in charge," says a colleague.

And McCullagh's confident today is the very different James Noble, Winchester and Oxford-educated with a degree in medieval and modern Russian. He trained as an accountant before moving into merchant banking in the early 1980s at Kleinwort Benson. By 1990 he was a director at the bank but at the end of that year left to join British Biotech, then a private company.

Noble's City contacts have been as valuable to British Biotech as McCullagh's science. Until its first drugs are approved by regulators, the company will have no significant sales and relies on frequent infusions of cash from outside investors. Since the first £2.5m, it has raised a total of £200m and was floated in 1992.

Noble took a 60 per cent salary cut to work for British Biotech. "People thought I was barking mad," he says. "Sometimes I think they were right." But it has paid off so far. Six months ago he made a net gain of £1.7m by exercising share options – in addition to the £5.7m of shares and options he retains.

For these men of science and money, the moral aspects of having created a drug that might save lives of relatives, friends and millions of others are best left to the medical profession. "People with cancer call us all the time but by law we can't do anything," says Noble. "They must speak to their doctors about joining clinical trials."

By yesterday, the launch of a miracle cancer cure in 1999 seemed a long way off for the company. Noble was anxious about the company's share price fall since the clinical trials announcement. British Biotech's market capitalisation has fallen by £800m from the week's high.

"We're very confident in the drug's success but it's difficult sometimes to convince others why," Noble says ruefully. McCullagh is just as philosophical. He has a boat moored at Cowes on the Isle of Wight. It is called Bumpy Ride.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e-mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

No simple answer to research libraries' best approach to charging for services

From Mr Brian Lang.

Sir: Tim Jackson raises significant issues concerning not just the British Library's policy on charging for certain of its services, but issues which concern all large international research libraries ("Imagination fails the British Library", May 20). The distinction between free and priced services is not straightforward, and the library has not yet attempted to distinguish between "individuals" and "professionals" when it comes to charging. While the distinction might appear valid, the difficulty of distinguishing between such categories of users when providing services is much more difficult than Mr Jackson imagines.

The library presently makes no charge for access to its reading rooms, nor for use of its on-line

public access catalogue, which is available over the joint academic network. However, services which may be described as having "added value" such as the Blaise service (which has been operating for nearly 20 years) are priced. The added value delivered by Blaise includes the ability to download fully formatted catalogue records for use in local catalogues and the option of searching complementary non-British Library databases.

In an ideal world, all of our services would be free at point of use. But as Mr Jackson must be aware, the world is currently less than ideal and we need to charge for certain of our services so as to maintain as wide a range of services as possible. The relationship between demand on our reading rooms and the

availability of services off-site is a complex one which the library is currently exploring, with an eye to exactly the kinds of issue Mr Jackson mentions.

Finally, I am pleased that Mr Jackson refers to the library's catalogue as a valuable resource. The variety of ways in which that resource is increasingly being made available shows, in my judgment, not a failure of imagination on the library's part but a genuine desire, under difficult circumstances, to meet the needs of our wide range of users and make a real contribution to research and scholarship.

Brian Lang,
chief executive,
The British Library,
96 Euston Road,
London NW1 2DB, UK

Unnecessary journey

From Mr Philip W. Lord.

Sir: Too late! I read in William Fager's article "Bricks – with different permutations" (May 21), while returning from the Vermeer exhibition in The Hague, that Carl Andre can, with bricks, factorise 120.

With this artistic intellect on display so close to Oxford why, oh why, did I make the trip to the Netherlands?

Philip W. Lord,
2 Wayside Court,
Arlington Road,
Twickenham TW1 2BQ,
UK

Inaction was shocking to all

From Mr Gunnar S. Eskeland.

Sir: Being shocked at the tragic events of Mount Everest (Weekend FT: "The climbers left to die in the storms of Everest", May 18/19). It is shocking that a team of mountaineers passes another who is dying, pushing for the peak rather than assisting and trying to save lives. The fact that mountain climbing is a self-confident adult's game with life is not a game we seem to have norms about saving others' lives that are much stronger than about not risking our own.

If teams of climbers had agreed not to help each other – pretending that each was alone with nature –

would that have been OK? Deep inside, we are programmed against certain kinds of action. Thus, when someone falls seriously behind, we slow down and extend a hand irrespective of the context. This norm represents an ancient insurance contract, written long before we were able to write, when nature was pretty scary even on May 18/19.

We should take comfort that this contract remains in our minds – as exemplified by the present outcry over the Everest incident.

Gunnar S. Eskeland,
3225 T St NW,
20007 Washington, DC,
US

Airline safety

From Mr Dinos Kyrou.

Sir: Liberalisation of air transport in the EU will create a large number of budget airlines across Europe. If the risk of a spate of accidents, such as the crash of the Valujet DC-9, is to be reduced, the government must be prepared to cede further powers in the area of safety to the Joint Aviation Authorities (which at present has no powers to enforce standards), and to the Commission.

If the government were presently acting within its principle of subsidiarity, it would be able to prove that decisions in this field are best left to national governments: of course, it is unable to do so. Thus, because of the government's paranoia about ceding powers in this area, one can only see an air transport policy created around the concerns of Conservative party unity and the appeasement of its Eurosceptics, rather than an air transport policy created around the safety of passengers.

Dinos Kyrou,
dept of International relations,
University of Aberdeen,
Dunbar St,
Old Aberdeen AB9 2TY

Sporting pink

From Mr Andrea E. Goldstein.

Sir: Being pink as the influential (and profit-making) *Gazzetta dello Sport* in Italy, has the FT decided to become the first British sport daily in decades? Four articles on soccer in one single issue (May 18/19) seems to suggest it!

Andrea E. Goldstein,
7 rue Poerieret,
75017 Paris, France

Pension Fund Investment in Europe

Debbie Harrison

Pension Fund Investment in Europe, is the single most authoritative and wholly independent source of information available on the pension fund industry in Europe.

Completely up-to-date with the latest information, this Report reveals the economic, fiscal and regulatory environment in which private pension funds are developing. It identifies the main investment managers in each country and shows how their roles may develop as investment restrictions on equities, particularly in overseas markets, are relaxed.

Pension Fund Investment in Europe provides a clear analysis of this tough and fragmented market and closely examines the issues relating to pension funds, the real needs of trustees and investment boards, and the practical opportunities for investment managers, consultants, custod

COMMENT & ANALYSIS

Britain's bitter blast from the past

The latest rupture in Anglo-German relations is damaging for the UK and Europe, says Philip Stephens

Chancellor Helmut Kohl marches in jackboots across the pages of the tabloid press. Memories of Britain's "finest hour" when it stood alone against Adolf Hitler in 1940 are stoned from the embers of past glory. Tory MPs warn of the onward march of a Fourth Reich. Mr John Major rages in 10 Downing Street over German's refusal to buy British beef.

The British, it sometimes seems, can never forget. More than half a century after the defeat of Hitler, Germany is again cast in the role of Europe's demon. The proximate cause is its prominent role in maintaining the European Union ban on sales of British beef products. But there are deeper, poisonous, roots to this latest rupture in Anglo-German relations.

The mass-selling Sun newspaper declares that the nation must rediscover the spirit of Winston Churchill. And why? To show one of his famous "books of Berlin". The more august Daily Telegraph is scarcely subtler, declaring in the opening words of a recent editorial: "When the German Chancellor calls on the British prime minister these days, one senses at once who is in charge. Absurd though it seems, what began as a health scare in Britain about the incidence of mad cow disease in cattle and its link with the deadly Creutzfeldt-Jakob disease in humans has become a 'beef war'." The Hun is once again the enemy.

Mr Kohl, we are told, has ambitions beyond the destruction of an ancient British industry. Mr John Redwood, a leading Tory Eurosceptic, is in no doubt: "Germany wants one flag, one currency, one foreign policy, one set of border controls, one anthem, one parliament, one economy and one social policy for western Europe." Its motives? Baroness Thatcher told us some time ago in an interview with the German weekly *Der Spiegel*: "It is quite clear that Germans do not want to anchor Germany in Europe but Europe in Germany."

It would be comforting to dismiss this latest jingoism as another of those familiar English spasms. It is perhaps just a cry of impotent anguish from a nation which has yet to come to terms with the loss of empire or a passing phase in the dying days of a desperate government. As Mr Giles Radice, the Labour MP and author of a recent book on post-war Germany, puts it, the nasty headlines and ugly cartoons "are about our own identity – at its most elemental level – at its most elemental level this stems from our own uncertainty about Britain's place in the world".

There has always been a lingering resentment among an older generation in Britain which finds it hard to understand how a defeated Germany has so prospered from the peace. Britain was a principal architect of Germany's post-war reconstruction. In 1945 it took to heart the words of Noel Coward's wartime song, "Don't let's be beastly to the Germans when our victory is won". It helped establish a pluralist political system to entrench democracy in the new Federal Republic. It opened the door to Bonn's entry into the western alliance.

The success of political reconstruction and the speed of Germany's economic revival coincided, though, with Britain's painful withdrawal from the world stage. As France and Germany forged the alliance which would dominate the European Community, Britain was retreating from Europe. It is hardly surprising that those who had suffered so much at the hands of the Nazis should fear a certain envy.

Against that, there is little evi-

dence

that

the

MARKETS REPORT

Markets yawn

By Philip Gavith

Foreign exchange markets yesterday dawdled their way into the long weekend with the upcoming UK bank holiday and Memorial Day in the US providing market participants with ample reason to retire to the sidelines.

Only the utterances of Mr Eisuke Sakakura, the influential Japanese Ministry of Finance official, prevented markets from sinking into a state of utter torpor. His comments to a closed meeting about the level of Japanese interests rates, and possible trading ranges for the yen, were sufficient to cause the yen to weaken across the board.

The dollar gained around one yen to finish in London at Y107.675 from Y106.775, and at DM1.5414, from DM1.5405.

There was little activity of note in Europe. The lire finished unchanged against the

D-Mark at L1.012.

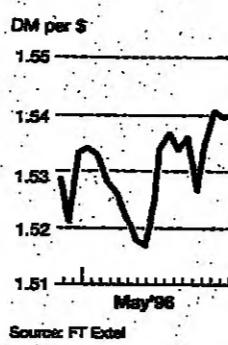
In South Africa nervousness about another rise in the bank rate receded after the weekly T-bill auction went off without the bank having to intervene to prevent rates rising. The rand was barely changed against the dollar at R4.365.

The market focused on two comments made by Mr Sakakura first, his observation that "expectations of higher inter-

est rates are fading"; second, a reported comment that an exchange rate around Y130 was not unusual.

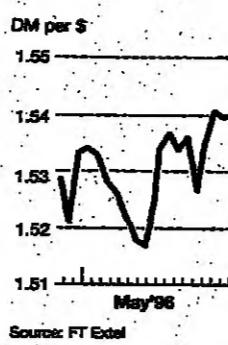
Given the absence of any other more compelling diversions, this was sufficient excuse for the market to buy dollars. Mr Tony Norfield, UK

Dollar



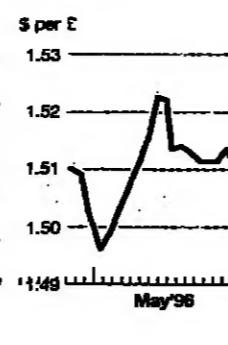
Source: FT Estel

CURRENCIES AND MONEY



Source: FT Estel

Sterling



Source: FT Estel

Mark



Source: FT Estel

treasury economist at ABN AMRO in London said the comments had "helped lift the confidence in the psychological sense."

Although the market remains fairly bullish about the dollar, Mr Norfield argues that there does not seem to be much expectation of a sharp move. "I don't think the market is going for a big move up or down."

Mr Mike Burton, executive director at Goldman Sachs in London, said the market reaction had exposed the extent to

which investors were underweight dollar/yen. He said some market participants had been inhibited by evidence of policy tensions between the Ministry of Finance and Bank of Japan. Recent evidence, though, suggests they may now be "singing from the same hymn-book."

Analysts believe foreign exchanges are likely to stay quiet until at least next Friday which will see the release of the Tankan survey and the US payrolls report. Even then, though, they may wait in vain

"We expect those who are waiting for the Tankan will view that as likely to be disappointing. It is clear that the BOJ's monetary stance is deliberately being held too low implying that the decision of rates continues to be a political one," said economists at Deutsche Bank.

■ Money market tensions eased in South Africa with the average three month T-bill falling to 16.1 per cent from 16.21 per cent. Had the gap between this rate and the link

rate of 16 percent risen above 25 basis points, there was a risk that the central bank would have been forced to raise the official short term rate.

Mr Chris Stal, governor of the Reserve Bank said yesterday that the prospect appeared to have faded. "The whole situation became easier this week...it's encouraging that money market rates are coming down...it's not a big decline, five to ten basis points this week, but it certainly makes the situation easier."

POUND SPOT FORWARD AGAINST THE POUND

May 24	Closing mid-point	Change on day	Bid/offer spread	Day's Mid low	One month	Three months	One year	%PA	Bank of England Index
Europe									
Austria (Sch) 18,4081	-0.0017	882	178	16,4383	16,3001	16,3769	2.3	19,3018	104.7
Belgium (BPF) 47,9324	-0.0283	069	202	46,0350	47,7791	2.5	46,5691	2.8	106.5
Denmark (DK) 9,0038	-0.0008	988	207	9,0188	9,9884	5,9801	2.1	8,803	107.1
Finland (FM) 7,1991	-0.0223	054	744	7,1722	7,8873	7,0705	0.7	7,154	107.4
France (PT) 12,8913	+0.0018	882	204	12,7474	2.1	7,8744	2.1	7,7145	108.3
Germany (DM) 2,0618	-0.0223	054	202	2,0361	2.0	1,9849	2.0	1,9260	106.2
Greece (DR) 366,6886	-0.126	202	170	370,039	367,159	286,114	-2.4	243,277	107.3
Ireland (IS) 0,9964	-0.0004	885	201	0,9703	0,9683	0,9862	1.0	0,9860	98.0
Italy (L) 23,6357	+1.75	880	204	23,088	23,8814	22,086.14	-4.0	24,3275	78.2
Luxembourg (U) 47,7324	-0.0283	068	548	48,0360	47,7100	47,7561	2.8	45,5699	105.5
Netherlands (F) 2,0795	-0.0043	054	202	2,0361	2.0	1,9849	2.0	1,9260	106.2
Norway (NK) 8,0228	-0.0223	054	202	8,0291	8,0281	8,0291	1.1	8,0200	107.5
Portugal (P) 23,6543	+0.43	824	202	23,2271	23,2271	23,2271	-2.1	24,054	94.5
Spain (PS) 19,4273	-0.133	147	359	19,4264	19,4244	19,4243	-1.9	19,3494	108.3
Sweden (SE) 10,3314	-0.0236	123	140	10,3271	10,3266	10,3266	-0.1	10,3003	88.6
Switzerland (SF) 1,9136	+0.0024	123	140	1,9158	1,9115	1,905	3.8	1,8922	4.0
UK (E) -	-	-	-	-	-	-	-	-	-
US (D) -	-	-	-	-	-	-	-	-	-
SDR (I) -	-	-	-	-	-	-	-	-	-
Americas									
Argentina (Peso) 1,5118	+0.0002	104	131	1,5133	1,5113	1,5113	-	-	-
Brazil (BRL) 5,0777	+0.0006	070	151	5,0567	5,0567	5,0567	-	-	-
Canada (C\$) 2,0795	-0.0015	275	205	2,0777	2,0765	2,0765	0.4	2,0768	93.6
New Zealand (NZD) 0,9328	-0.0038	948	204	11,2033	11,1880	11,1880	-0.1	11,1880	100.0
US (S) 1,5128	+0.0024	123	130	1,5115	1,5115	1,5115	-0.8	1,5056	95.5
Pacific/Niddle East/Africa									
Australia (AS) 1,9116	-0.0071	106	120	1,9177	1,9060	1,9073	-1.6	1,9123	1,8781
Hong Kong (HK) 11,7093	-0.0022	967	101	11,7231	11,6940	11,6937	0.5	11,6811	103.3
India (Rs) 63,1012	-0.0267	971	955	63,2080	63,9510	63,29810	-0.8	63,2981	100.0
Japan (Y) 162,8986	+1.269	785	985	163,150	161,670	160,763	5.4	168,292	5.5
Malaysia (M) 3,7873	-0.0228	654	562	3,7748	3,7651	3,7651	-0.5	3,7585	107.5
New Zealand (NZ) 2,2113	+0.0004	865	211	2,2200	2,2111	2,2111	-2.7	2,2254	107.5
Philippines (Peso) 58,5913	+0,0216	190	638	58,6164	58,6000	58,6000	-0.5	58,6205	100.0
Saudi Arabia (SR) 5,6739	0,0071	720	750	5,6538	5,6538	5,6538	-	5,6538	100.0
South Africa (R) 2,6558	-0.0227	803	803	2,6168	2,6168	2,6168	-0.5	2,6558	100.0
South Korea (Won) 1,182,37	-0.2	184	230	1,184,38	1,181,36	1,181,36	-	-	-
Taiwan (T\$) 41,4523	-0.059	870	41,5260	41,4544	41,4544	-	-	-	-
Thailand (B) 2,0530	-0.0228	940	470	2,0520	2,0520	2,0520	-	-	-
Yuan (CNY) 0,7810	-0.0028	940	740	0,7810	0,7800	0,7800	-	-	-
Yuan (CNY) 0,7810	-0.0028	940	740	0,7810	0,7800	0,7800	-	-	-

* Rates for May 23. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling Index calculated by the Bank of England. Data average 1990-1992. Std. Dev. and Std. Error of both the Pound Spot table derived from the WHARFUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

** Rates for May 23. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling Index calculated by the Bank of England. Data average 1990-1992. Std. Dev. and Std. Error of both the Dollar Spot table derived from the WHARFUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

CROSS RATES AND DERIVATIVES

May 24	Buy	DM	FRT	DM	E	L	R	HKG	Es	Pls	Sktr	Spf	Y	Ecu
Belgium (BPF)	100	18,79	16,485	2,022	4922	5,441	20,82	4989	4054	2,155	3,983	2,573		
Denmark (DK)	52,74	10	8,794	2,590	2,028	2,995	11,05	2681	2,147	2,126	1,111	1,369		
Germany (DM)	20,65	3,881	2,294	1,416	1,012	1,118	4,279	102,7	0,942	0,924	0,924	0,925	1,205	1,205
Ireland (IR														

1996/50

Weekend FT

The third world war – it will be over in minutes

Wars in the 21st century will be fought at ferocious pace, causing massive casualties. Bernard Gray looks at a terrifying arms race which threatens to undermine the doctrine of deterrence

Tom Lehrer clearly expected the third world war to be a brief affair. In his 1960 satirical song "Bye-Bye Mom, I'm off to drop the Bomb", a young pilot bids his mother a fond farewell, and promises to see her after the war is over, "an hour and a half from now..."

The prospect of instant nuclear annihilation may have receded, but those paid to gaze into what future warfare may hold do not expect tomorrow's conventional conflicts to last much longer than Lehrer's Armageddon.

"Technological developments are about to give us the capacity to wage war at a blindingly fast pace," says one senior British scientist looking at future warfare. "Changes in information technology and remote sensing will revolutionise the way wars are fought."

According to these scientists, the most important single development is in intelligence and surveillance: future generals will know the exact location of every important installation an enemy possesses.

By the turn of the century, commercial satellite mapping will give anyone with the money the chance to buy images of anywhere on earth to a resolution of one metre. That will allow potential combatants to identify individual buildings, ammunition dumps, science laboratories or communications centres.

In a parallel development, the commercially available Global Positioning System, a satellite-based navigation aid which allows users to identify their exact location anywhere on earth, will permit potential aggressors to feed the exact location of any target into the computers of an aircraft or missile. Together the two technologies will permit even those countries with modest means to hit any target they choose.

However impressive it may sound, such technology is just



the standard, off-the-shelf variety. Real space age warriors, particularly the US, already have much more sophisticated tools. American "Keyhole" spy satellites have mapped large areas of interest down to a resolution of a few centimetres, and are permanently on hand to photograph new trouble spots.

The power of these images is instantly apparent to politicians. In the build up to the Gulf war in 1990, President George Bush showed some Keyhole photographs of Iraqi troops massing near the Saudi Arabian border to President Mitterrand, in an attempt to persuade France to commit itself to the multinational force.

Mitterrand was instantly convinced, and asked to keep the shots. When Bush refused, France immediately started a rapid programme to develop its own spy satellites.

Reconnaissance is, of course, nothing new. What is different is the detail and accuracy of the images and the way in which they can be used to target missiles. During the Nato raids on Bosnia last summer, one knot of air defence and communications centres was judged too dangerous for pilots to fly against.

Instead, satellites and spy-plane photographs were programmed into Tomahawk cruise missiles on US ships in

the safety of the Adriatic; 18 were fired, scoring 13 direct hits.

Attacks on such fixed targets are today's warfare. The US is trying to push such technologies forward to give a detailed picture of a moving battlefield as the action takes place.

A combination of spy satellites, high-level reconnaissance aircraft, and unmanned vehicles able to photograph the battlefield at low levels will be teamed with reconnaissance helicopters and radar mounted in aircraft to give a full picture of the "digital battlefield".

These maps can be beamed to top-level commanders for strategic decisions, or the relevant parts sent to individual field commanders to give them an accurate report on the forces they are attacking. The US has already tested early versions of such a system under the code name Force XXI, and will conduct an exercise with a full division of 10,000 men within two years.

Early results from the Force XXI experiments have been disappointing, with troops having to carry more than 40lb of additional electronic equipment

without a significant improvement in results. But it is still early days.

The other strand to development of the digital battlefield will be the requirement to hit a target as soon as it has been identified and before it has had a chance to move. Energy beams are one obvious way to strike instantly over long dis-

Tanks are becoming like knights: well armoured but unable to move'

tances, and the US is working on high-powered lasers mounted in Boeing 747s which will be able to shoot down missiles as they leave their silos.

This technology may have other applications, and the science fiction image of high-intensity lasers slicing across a blood-stained battlefield may be growing closer to reality.

Scientists are also working

on ultra high velocity missiles, capable of travelling more than five times as fast as Concorde. At that speed, the missile does not need an explosive warhead – the energy of impact is enough to destroy even the most hardened target.

The combination of visual, infra-red and radar imaging, combined with laser and high velocity missiles, will make battle a frenetic spasm. The seven day war may become the norm, and dreadful casualties are likely to be incurred.

Partly as a result, the long-term trend towards a lower concentration of troops on the battlefield is likely to continue. Forces will also have to reduce their visibility. Technologies such as stealth, which seeks to reduce radar and infrared detection, will become more manoeuvrable. Their emphasis is on not getting hit in the first place, rather than being able to stop anything thrown at them.

"Tanks are in danger of becoming like medieval knights: increasingly well armoured but finally unable to move on their horses."

What might replace the tank is less clear. Given that the battlefield of the future will be a fearful place to be, troops and artillery will need some protection, but defences designed to confuse imaging systems, rather than brute strength, might be the solution.

Designers claim they could make aircraft 40 per cent smaller and at a lower cost if they could leave the pilot out. The US is working on prototypes.

On land, the main battle tank may have run its evolu-

tional course. The tank's weight has grown remorselessly as its armour has had to get thicker and more sophisticated. Already the tank is only really useful for fighting in Europe, the Middle East and parts of Africa: most of the rest of the world is too mountainous or boggy.

Even in Europe there is an absolute weight limit of about 70 tonnes before almost half of the continent becomes impassable. The US M1A1 Abrams tank already weighs more than 65 tonnes.

As one senior British defence scientist says: "Philosophically, the tank seems to be heading into a dead end. Most other systems, warships for example, have been trying to shed weight and become more manoeuvrable. Their emphasis is on not getting hit in the first place, rather than being able to stop anything thrown at them."

Several military sacred cows may also be slaughtered. In the air, the unmanned fighter aircraft is not far away. Pilots account for half the running cost of a modern fighter aircraft, yet they limit its capability. Most existing fighters could turn much faster if their human pilots could stand the acceleration forces without blacking out.

Designers claim they could make aircraft 40 per cent smaller and at a lower cost if they could leave the pilot out. The US is working on prototypes.

At sea, the long predicted demise of the surface ship is emerging again. The US is already working on stealthy "arsenal ships", built to avoid detection and packed with every conceivable defensive missile. Yet the slow-moving surface flotilla, laid bare to the

unblinking eye of the satellite, will have a hard time surviving long-range laser attack.

While the new evolving technologies will confer tremendous power on those first world powers which possess them, they all rely on the transfer of huge quantities of information. This may prove their Achilles heel, since transmitting information, particularly by radio, gives away position and, even more importantly, is vulnerable to interception.

Western military planners and scientists are certain that they have both problems under control, which is perhaps a cause for concern in itself. They argue that modern, frequency-hopping transmissions are extremely difficult to detect, and that encryption methods are running well ahead of code cracking.

That may be true in theory, but an embarrassing number of 16-year-olds have broken into Pentagon computers. This, argues the military establishment, is the result of sloppy housekeeping, rather than vulnerable systems.

But humans are sloppy, particularly when under the strain of all-out war. Furthermore, the confidence of scientists is reminiscent of the certainty Germany had in its Enigma code system in the second

A worrying number of 16-year-olds have broken into Pentagon computers

world war.

Fear of the possibility of the military information network being cracked is one of the reasons why the Pentagon has an urgent programme under way to investigate "information warfare".

The more dependent both US civilian and military life becomes on computers and transmitted information, the more vulnerable it becomes to losing those systems. Such an attack would indeed have a lot of attraction for small powers unable to afford to match US might in military hardware.

Military planners seem confident they can resist such attacks. They point to the decentralised nature of most large computing systems, which often means that the same data is stored at a number of locations and can be routed by a variety of paths. Any large scale intrusion, they argue, would be detected at an early point, and defensive measures to limit the damage taken.

What really scares the plan-

Continued on Page IV

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Joe Rogaly

Keep your wigs on, m'luds

In a tense week for the judiciary, politicians are also found wanting

When judges start jumping up and down fit to lose their wigs it is time to ask whether there is something funny going on. There is. One m'lud thinks the criminal justice system is threatened, and proposes to do something about it. A second argues for a new law on privacy and intimates that is forthcoming the courts will invent one.

You might think that these matters are best solved in parliament. Yes, probably, but the political process is evidently not working. No wonder Britain's judicial eminences have endured a tense, nervous, ratty week. Let me explain.

We begin our morning's caseload with Michael Howard. This old lag has been up before the bench and found wanting so many times before that we have lost count. On Thursday, the home secretary was accused by the Lord Chief Justice of introducing "production line justice", by which Lord Taylor meant the mandatory minimum sentences proposed by Mr Howard. The idea that judges should be told by

elected politicians what sentences to pass was serially mugged in the House of Lords on Thursday afternoon. Lord Taylor, who is retiring on grounds of ill health, led off the crowd-pleasing propositions

What Michael Howard has to explain is how his lock 'em up policy is to be paid for

put forward by the home secretary. For example, the suggestion that repeat drug dealers should get an automatic seven years is Mr Howard's to trumpet, Mr Straw's to deflect.

This is not to say that the Labour politician is about to let himself be called softer than the Tory. Indeed, he favours indeterminate sentences for violent and dangerous sex offenders. These would be reviewed after a minimum period had been served. The difference between indeterminate and automatic life sentences, as proposed by Mr

walking a tightrope. He has to keep the public's eye on the rise in crime during the years of Tory administration that began in 1979, and off the grounds of ill health, led off the crowd-pleasing propositions

Howard is semantic. The home secretary and his shadow also concur on "honesty in sentencing" – at present six years works out at four or 3½ with good behaviour. Lord Taylor seems to see merit in this last notion.

Mr Straw seeks a more consistent set of rules, evening out punishments as between courts and regions, and stiffen sentences for repeat offenders. Lord Taylor may have missed a trick here. Labour would oblige the court of appeal to produce detailed and comprehensive guidelines for the lower courts to observe. Mr Howard seemed prepared to produce his own rules of sentencing but has begun to talk of "exceptions". This offers the judges an opportunity to drive a coach and horses through his scheme, although Lord Taylor does not see it that way.

What Mr Howard has yet to explain is how his lock 'em up policy is to be paid for. As Mr Straw has pointed out, the rot started with the Criminal Justice Act of 1991, a year in which the government's policy was to empty the prisons. That did not find favour with the tabloids. Now the strategy

is to put as many offenders as possible behind bars, California-style. That will surely mean fewer guilty pleas, logjams in the courts, and an exploding budget for the prison service. The irony is that an incoming Labour home secretary – Mr Straw, say – could find himself saddled with overflowing jails, courtesy of Mr Howard. Has Labour costed this?

Second on parade this morning is the upwardly mobile Sir Thomas Bingham. On Tuesday night the Master of the Rolls spoke in favour of a law of personal privacy. Foot against the saloon-bar rail, pint mug in hand, we all have a view on this one. I have blown hot and cold on it, arguing at one time that the sleaze-press intrusion into personal affairs is intolerable and at another that the British government is so secretive that any restriction on the freedom to publish anything should be resisted.

Sir Thomas has no such doubts. "To a very large extent the law already does protect personal privacy," he said, "but to the extent that it does not, it should." His preference would be for legislation, which "would carry the

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Affordable as a pair of jeans

CHESS

Spain's Miguel Illescas, the winner of last week's game, continued to worry the world's top grandmasters at Madrid where he tied for first prize.

It often pays to use a sharp, aggressive style against higher ranked opponents and Illescas scored an impressively quick victory over Boris Gelfand, the Belarusian whose speciality is long and complex manoeuvres.

Gelfand surely knew of previous miniatures where a rook and long diagonal bishop combine to checkmate a castled king, but he overlooked Illescas' final move threatening a decisive family check to White's king, queen and rook (Gelfand, White; Illescas, Black; Bogolyubin Defence).

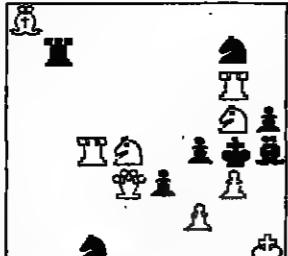
1 d4 Nf6 2 Nf3 e5 3 c3 Bb4+ 4 Nbd2 b6 5 a3 Bxd2 6 Qxd2 Bb7 7 e3 0-0-8 Be2? White avoids Bxf3 giving him doubled pawns, but 8 Bd3 involves fewer problems: if Bxf3 9 gxf3 with e4 and Rg1, the attacking lines compensate for weak pawns, while Ne4 9 Qc2 Bf10 0-0 d6 11 Ne1 stops the tactical tricks used in the game. 10 e5 0-0 Nbd7 10 b4 Ne4 11 Qd3 f5 12 Bb2 Bf6 13 d5 Rg6 14 dxe5 Nf5 15 c5 Nxe5 16 cxd6 cxd6 17 Rad1 Kh8 18 Ne5 Neg4 19 Kh1 Seemingly White's strategy has worked, as his bishops are

active and two black pawns are weak, but... Nb3! 20 Resigns. If gxf3 Nx2 mate, and otherwise Nxf2+ wins decisive material.

No.1129

This problem is the first stage in the annual British Solving Championship. White plays and checkmates in two moves, against any defence.

If you would like to enter the championship, send White's first move only, by July 31, to British Chess Problem Society.



9 Roydfield Drive, Waterthorpe, Sheffield S19 8ND, with a cheque or postal order for £3 payable to BCPS. Mark your answer "FT" and send an SAE to receive harder problems for the postal stage. Only UK residents are eligible.

Leonard Barden

BRIDGE

Whether declarer or defender, when the situation appears hopeless, re-run the auction and try to recall the cards played. Even after an uncontested auction, with four flat hands, my partner managed to find enough material with which to weave a winning line discovering that, sometimes, less is more.

N
♦ Q 6 2
♦ A Q 2
♦ Q 9 6
♦ Q 8 4 2

W
A K 10 9 8 ♦ 7 3
V 8 5 3 ♦ K 6
♦ 10 4 3 ♦ J 8 7 3
♦ 10 5 ♦ J 9 7 6 3

S
J 5 4
J 10 9 7 4
A K 5
A K

East-West passed throughout. My partner, South, opened 1H. I responded 2C and he re-bid 2NT. I now bid a forcing 3H and South 4H.

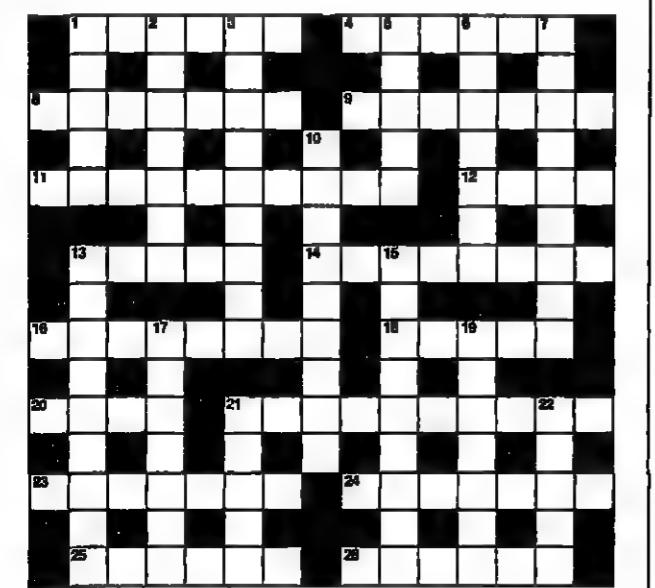
West led A4, K4, and another. East ruffed low.

Paul Mendelson

CROSSWORD

No. 9,078 Set by DINMUTZ

A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and five runner-up prizes of 225 Pelikan vouchers. Solutions by Wednesday June 5, marked Crossword 9,078 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 SHL. Solution on Saturday June 8.



Name _____
Address _____

ACROSS
1 Land burning? (6)
4 Sounds from some in trouble at sheep-shearing (6)
8 Maximum holding of western dollars? (7)
9 Heavily ornamented sailing-vessel? (7)
11 St. Michaelmas? (7-3)
12 Works in garden, damaging shoe (4)
13 Belief carried over, gripping cardinal (5)
14 Cherish sinner, he may be reformed (5)
16 Reasons about to trap the dark lady (8)
18 Expletives from Athos in revolution (5)
20 Charlie had little time to attract gallantry (4)
21 Old Easter hat should get me (4-5)
23 Worried over sun breaking out? (7)
24 Take salt of acid just after dark, some say? (7)
25 Wound racket left on the way back (6)

Solution 9,077

26 Lines, as thrown around in port (6)

DOWN

1 Peter out in gold jacket for so long (5)

2 Heron heard abroad? (7)

3 Pad on a cut, possibly? (9)

4 Green meadow, extremely flowery (5)

5 The Nora Batty? No, a different one! (7)

7 Wine producing a trueman

10 Holding fast in wild dance around this place (9)

13 Acrobatic feat to impress the field? (9)

15 Unable to see, after a heavy fall (9)

17 Undercooked, small oysters? (7)

19 Check the northerner's skin-tightness? (7)

21 Planetarium leaders move out to see this body (5)

22 Additional piece of complex translation (5)

Solution 9,065

TOUR DE FRANCE
S H E V E D O R U
W R A M G L E B A R G A I N
E B R A H E M S D
P H O T O C L E A S H E
T E L E S P R A I N I N G M E W S
N E R I C C
E L A N P R I M E T T I A
O P E N I N G S H O W N E D
A P R I C H T O T T O E L A T I O N
S T E P D A U G H T E R
S T E P D A U G H T E R

WINNERS 9,065: J.R. Adamson, Rayleigh, Essex; P.T. Bayliss, Edinburgh; Mrs V. High, Braughing Friars, Herts; A. Ogden, Hopwood, Birmingham; Mrs M.E. Pleasance, East Preston, W. Sussex; E. Telesh, Brighton, E. Sussex.

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O V E R R I P E C H O S E N

Country Living / Michael Roberts

PERSPECTIVES

The Nature of Things / Clive Cookson

Jupiter's lesson for planet Earth

from the primordial interstellar cloud. However scientists have no way to explain how water remained in the core as it heated up, while other volatile molecules such as methane and ammonia escaped into the atmosphere.

The answer might lie in some exotic physical process that locks up water at the extreme pressures - millions of atmospheres - deep inside Jupiter. Could it possibly exist in a metallic form, mixed with the metallic hydrogen that is believed to dominate the Jovian interior?

Like many other space missions, the Galileo probe has raised more questions than it answered. Scientists will go on analysing its data for years but they will not get any more direct observations. No more missions are planned to sample Jupiter's atmosphere.

The next probe will be the European Space Agency's Huygens mission to Titan, Saturn's largest moon.

The Huygens probe is due to be launched in October 1997 (on board Nasa's Cassini craft) and reach Titan seven years later.

No one knows what lies within and beneath Titan's hazy orange clouds. "The Jupiter experience teaches us to be more modest in our predictions about what a new world will be like," says Jean-Pierre Lebreton, Huygens project scientist.

When the US space agency, Nasa, released preliminary findings from Galileo in January, its researchers were tentative about the lack of water, because they had not finished cross-checking and calibrating the results from the probe's 10 experiments. But this week they announced more definite findings to the American Geophysical Union conference in Baltimore - and said the "extreme dryness" had been confirmed by analysing data from five different instruments.

The amount of water detected by the probe during its one-hour parabolic-borne descent was between 10 and 20 per cent of the level found in the outer layers of the sun. (Some people may be surprised by the idea of water in the sun but of course no liquid water is present - just water molecules mixed up in the hot gases of the solar atmosphere.)

Planetary scientists have already come up with several theories. Simplest is the idea that the Galileo probe happened to travel through an exceptionally dry section of the Jovian atmosphere - as if an alien spacecraft deduced the amount of water on Earth by entering the atmosphere above the Sahara desert.

This theory is supported to some extent by observations from Earth-based telescopes and other spacecraft, which showed that the Galileo probe's entry point on the north

equatorial belt had less cloud cover than 99 per cent of the planet's surface. But there are objections.

First, the theory would require a huge "downraft" of sinking dry air, on a scale thousands of times greater than the downflows that occur over the Earth's deserts. Scientists doubt whether such conditions could exist down to the depth (400 miles) and pressure levels (20 times Earth's atmospheric pressure) to which the probe descended before it stopped transmitting data.

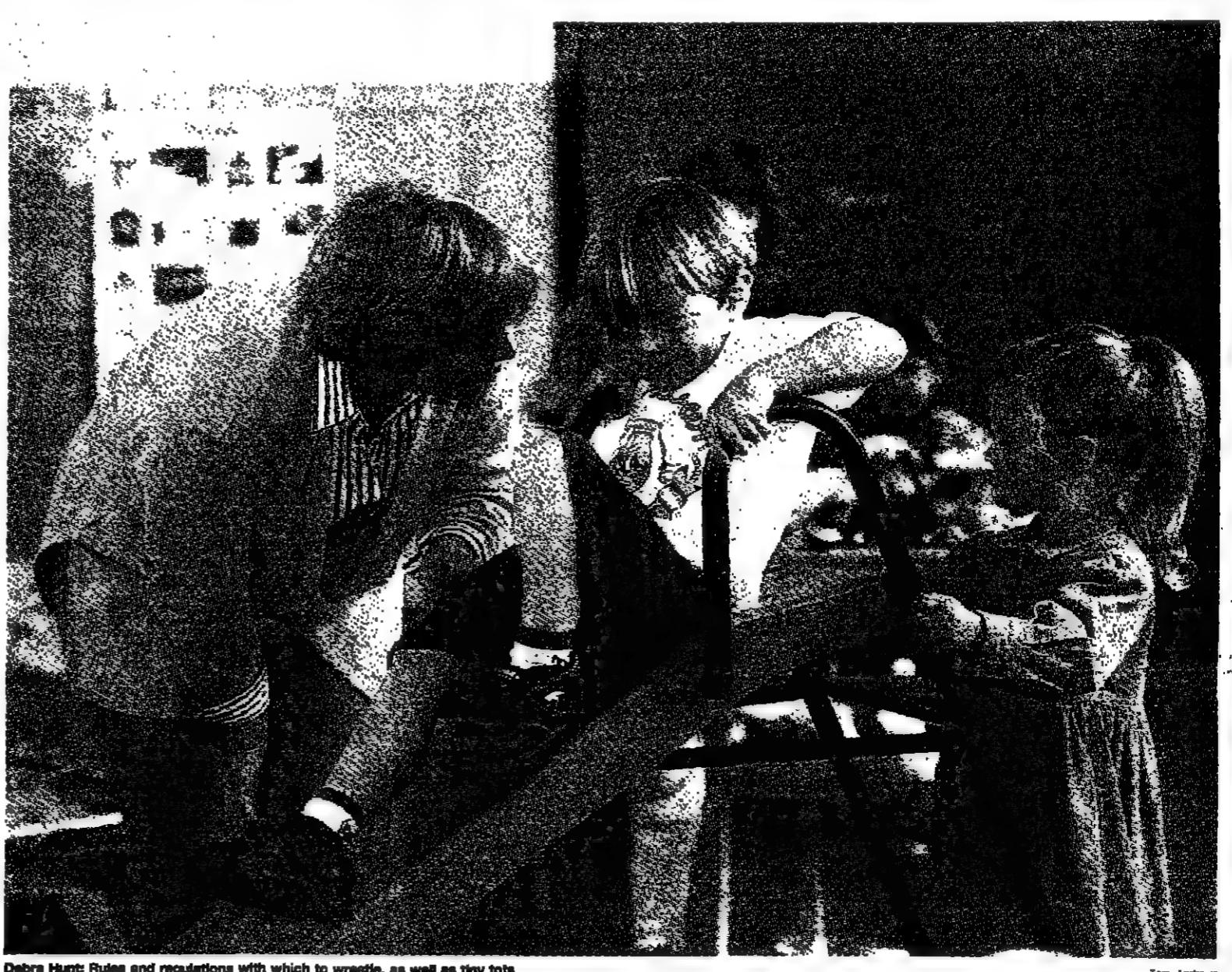
"This explanation is particularly difficult when considering that Jupiter emits more heat from its interior than it receives from the sun," says Andrew Ingersoll, a Galileo investigator at California Institute of Technology. "The up-flowing interior heat should block a huge, deep downflow of dry air. It should even mix Jupiter's atmosphere [at the deeper levels reached by the probe]

preventing the existence of a very dry region."

A variant of the theory is advanced by Richard Young, who heads the Galileo probe scientific team at Nasa's Ames Research Centre in California. "Jovian water distribution may vary radically over large latitude bands, with much of the water being concentrated at high latitudes," he says. "Unfortunately at the moment we can't put all of this into a mechanism to explain how major parts of Jovian water could be concentrated uniquely at these high latitudes."

Other theories accept that the whole atmosphere is extremely dry. According to one, Jupiter's water is trapped deep inside the planet.

It is possible to imagine a process in which water ice was concentrated in the core of the growing protoplanet five billion years ago, as Jupiter gathered up ice grains and dust



Debra Hunt: Rules and regulations with which to wrestle, as well as tiny tots

Tony Andrews

Minding Your Own Business

The serious side of play

Grania Langdon-Down on the factors that make running a playgroup a tricky business

It was the first time Hunt had owned her own business. The workings of the playgroup itself held no surprises for her as she had worked there for more than four years previously as a playgroup helper after many years managing properties. Her three children, now 15, 13, and 11, also went to Noddy's playgroup four years ago for £2400.

It was the first time Hunt had owned her own business. The workings of the playgroup itself held no surprises for her as she had worked there for more than four years previously as a playgroup helper after many years managing properties. Her three children, now 15, 13, and 11, also went to Noddy's playgroup four years ago for £2400.

Running it as her own business, however, and wrestling with complex and costly regulations has provided unexpected challenges.

The Noddy Club caters for eight children aged from 2½ to three years old in a small hall and up to 30 three and four-year-olds in the main hall. It charges £5 a session for the small hall, £4.75 for the main hall and £3.50 for the afternoon Four Plus Club.

Income, assuming a full house, runs at about £33,000 a year. But spending during 1995-96 was about £21,000, the bulk going on wages and rent. The staffing bill for morning sessions in the main hall alone came to £14,000, with rent at £3,900.

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The costs of providing towels, kitchen rolls, biscuits, juice plus all the crayons, paints, glue and other ingredients of a playschool day come to £1,72.

Our accountant looked at our bills for kitchen roll (£382) and paper towels (£500) and said they cannot be right. But the Children Act sets out detailed requirements on hygiene.

Thankfully, we have found a cheaper source now," said Hunt.

"Also, I always have at least one member of staff over the required ratio of one adult to eight children with the older children and I pay for Christmas, Easter and summer parties which cost about £260 a year."

Hunt took over the Noddy Club just as the Children Act with its 62 pages of regulations came into force. "It was

very difficult to understand what they wanted," said Hunt.

"As I understand it, parents will get a voucher which they can give to their local school or to the playgroup where their child can stay until they are five without losing their place at the school."

But again, Hunt puts the welfare of children before the needs of her business: "Despite the better child-staff ratio at the playgroup, I could not, hand on heart, recommend the playgroup to parents who do not understand the system will just think there is something wrong with us."

For Hunt, her target is to pay off her bank loan by the end of next year.

She is already full for the September term and is considering reducing numbers to a maximum of 27 which would mean one fewer staff. She is also considering going into partnership with one of the people currently working with her.

Whatever happens, Hunt has no regrets about taking on the challenge of running the playgroup. "I would make much more money by going out to work given the time and effort I put into it. But I choose to do it because I love it and because I love children."

There is also a new accreditation procedure being run by the Pre-school

Learning Alliance, which will cost playgroups £400. Any group seeking accreditation must go through an eight step process, including self assessment and visits from assessors to see whether it is "viable".

Hunt is confident that they already do all that is required. But she said: "I was hesitant at first. But however good we are, we cannot afford not to be involved in these schemes, because parents who do not understand the system will just think there is something wrong with us."

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Country Living / Michael Roberts

Turkey trot on a new car

plucked a rosebud for his buttonhole and then set off for a stroll around my gardens.

For so long as I had known him, the rector had driven an old, battered and whitish car.

PERSPECTIVES

Lunch with the FT
A dish of paella and politics

Nigel Spivey meets Professor John Keane, the celebrated academic

I never knew about the Spanish Club in London's Cavendish Square. I wonder how many people do. It is a promising location for the gourmet: sited above the office of the Spanish Chamber of Commerce, it seems bound to please with ambassadorial purpose.

You see portly Spaniards heading there, brimming hunger and nostalgia. Julio Iglesias croons steadily in the background, and little children scamper around the tables with the usual Mediterranean indulgence.

It was, as John Keane pointed out, a handy place for him, just around the corner from his base at the University of Westminster, where he is a celebrated professor of politics and director of the Centre for Democracy. But I wondered about the wisdom of his choice, since he declared also that he had a seminar starting at two.

We arrived at 12.45 and a glance at the staff and clientele of the Spanish Club suggested immediately that, while they might be naturalised enough to contemplate a London lunch finishing by three, two would be a problem. Not so much optimistic as barbarous. Paella, after all, is not a flash in the pan. But paella we ordered. And, to his professional credit, Keane comported stony-wit Julie throughout the intervening hour.

We were intending mainly to talk about his latest political interest, which is violence. But we began with the more delicate topic of academics writing for newspapers.

"I think," said Keane, "that a lot of damage has been done by the division of the don and the journalist in post-war Britain. Look back at the 1920s and 1930s. You see a much greater fluidity of role, which was healthy for the country's political imagination."

Would he be deterred from

voting at all by the prospect of what, in effect, might be a one-party state in Britain?

"On no. We still need a change of personnel, a clearing of the stables. There's a certain arrogance, a certain laziness, and a tendency to flout the law about our present representatives, which we need to be rid of. But otherwise, it's true that I rather despair about the state of our democracy. There's not enough trouble-making going on."

A starter dish of mushrooms did find its way to the table by 1.30. We breached violence, on which subject Keane has just

produced a fluent and passionate monograph. He admitted to writing it all in a couple of months. What moved him?

He nibbled pensively on his lower lip. "I used to teach in Dubrovnik," he said, haltingly. "I had - still have - many close friends in that region. I kept quiet too long about what was happening in the former Yugoslavia. I decided it was time to address what has gone wrong there."

Which if?

The breakdown of civil society. Or if you like, the triumph of incivility. Because incivility, which also denotes the law

and order' debate, is not an exclusively right wing issue. Nor is it religious. So, in my essay, I've tried to create a public and political and secular way to talk about violence."

The book is articulate as regards the history of violence and its philosophical perception. He gave me a lucid summary of his arguments there. But what advice, I pressed him, could the professor offer to the City gent confronted by a mugger, or the schoolteacher harassed by daily insolence?

"None," he replied, candidly. "Intellectuals should never presume to draft social policy:

they always make a hash of it. But what we can do is make clear what the issues are, in a language that everyone can relate to. After the Dunblane shooting, for instance, it was obvious that no one really had anything to say beyond the obvious tired sentiments."

He talked of the new multiple roots of world conflict: "uncivil" civil wars, such as in Somalia and Rwanda, where the "pleasures" of maniacal violence were indulged freely, like the "storms of steel" on the Russian front. He talked of the technological sophistication of violence as an instrument of

state policy. And he talked of the tendency to permanent instability which supposedly "civil" capitalist society fosters by generating inequality and resentment relentlessly.

From an evidently mild and pacific scholar, it was an impressively engaged analysis. Then, at about three minutes to two, with much sizzling, two colossal plates of paella were set down before us.

I watched John Keane as he battled with the dilemma of foregoing his lunch, or being a quarter of an hour late to chair his seminar. The latter was an option which no continental

professor would have felt any shame in taking.

Keane ate two succulent mussels before duty prevailed.

The Spanish Club paella, the best I have tasted (and I have to admit I did not let them sweep away the deserted portion) lost out.

Democracy might be in a sorry state at the Palace of Westminster but, plainly, it is still at least more important than food at the University of Westminster.

■ *Reflections on Violence*, by John Keane, is published by Verso at £9.95.



John Keane: battling with the dilemma of foregoing his lunch, or being a quarter of an hour late to chair his seminar

Shoots crunch on shards of white gravel. Larches nod in the early spring breeze. Verbena tumbles over the porch. The front door, a white bell in the centre like some magic blind eye.

Samuel Beckett's Dublin birthplace is for sale. Built at the turn of the century by Beckett's quantity surveyor father, the house, Cooldrinagh, sits on a corner in Foxrock, one of the Irish capital's more affluent suburbs.

There is little that is comfortable about Beckett's writing. It is bleak and cold. Its comedy is tragic, its laughter lonely. "Beckett has scoured human experience and presented a statement of existence, stripped of pretence and affectation, that is vibrant and compelling, even if, at times, it may seem repugnant in its honesty", says Eoin O'Brien in *The Beckett Country: Samuel Beckett's Ireland*.

Cooldrinagh comes as a shock. It is full of middle-class comforts. Suburban light illuminates the room where Beckett was born, described in his book *Company*.

"You first saw the light in the room you most likely were conceived in. The big bow window looked west to the mountains. Mainly west. For being bow it looked also a little south and a little north. Necessarily. A little south to more mountain and a little north to foathill and plain."

As if reacting against Beckett's sparseness and minimalism, the house is packed with stuffed cushions and hanging baskets. Dolls and doyleys. Coffee table books. Flowered wallpaper and chintz. Drapes and dried flowers. Plates on walls and brightly polished tape. The table is perfectly laid, wine resting in its cradle. Cooldrinagh is immaculate.

There is a swimming pool and tennis court. The spot by the stairs where the writer is supposed to have carved his name has been varnished over. Perhaps Beckett's ghost is around the back, peering into the dustbins like Godot in contemplation of a pile of earth for *Happy Days*.

Beckett's history is as perplexing as his writing. His birth certificate says he arrived in Foxrock on May 13 1906. However Beckett insisted he was born a month earlier - Friday April 13, Good Friday.

In *Company*, Beckett recalls his own birth. "You were born on an Easter Friday after long labour. Yes I remember. The sun had not long sunk behind the larches. Yes I remember."

Joyce, Dante, Samuel Johnson and Frank Beckett's only brother, died on April 13.

Beckett said his childhood was happy. He was especially close to his father, going on long jaunts with him into the nearby Wicklow hills. His father's sud-



Cooldrinagh, Samuel Beckett's Dublin birthplace packed with stuffed cushions and hanging baskets

Beckett still lives here

Kieran Cooke reports on the sale of a playwright's home

den death had a profound impact.

The gentle world of Beckett's youth appears at times amid the bleakness of his writing. Moran's house in *Molloy* is Cooldrinagh, idyllic but threatening.

"None but tranquil sounds, the clinking of mallet and ball, a rattle on pebbles, a distant lawn mower, the bell of my beloved church. And birds of course, blackbird and thrush, their song sadly dying, vanquished by the heat and leaving dawn's high brights for the bushes' gloom. Contentedly I inhaled the scent of my lemon verbena. In such surroundings slipped away my last moments of peace and happiness."

It is difficult to imagine that the creator of *Waiting for Godot* and *Endgame* did anything as mundane as play sports.

Yet in his youth Beckett was a gifted all rounder. He played cricket for Trinity (a high order batsman and a cum-

pling spin bowler) and was described as being "as blind as a bat but as brave as a lion" on the rugby field. He was also an accomplished golf and tennis player. Beckett had other interests: he played the piano and knew the words of most of Gilbert and Sullivan by heart.

Declan Kilberd, a lecturer in the English department at University College, Dublin, says that although the gentility of Beckett's youthful surroundings would appear to be at odds with the darkness of his writings, the Foxrock house was an important influence.

"It was a well-built home, of exact proportions. In his writing Beckett is obsessed with directions and exactitude."

The house was also a bit of an oddity, neither Anglo nor Gaelic in culture, with no real identity. A terrifying search for self, for identity, is

another Beckett theme."

Beckett spent most of his years from the mid 1930s travelling abroad, much of the time in France. When war broke out during a visit back to Dublin in 1939, he returned to Paris and joined the resistance, preferring "France at war to Ireland neutral".

Yet Beckett never entirely turned his back on his birthplace. Settings and props are sparse in Beckett's work. However, Foxrock, Dublin and the Wicklow Hills are glimpsed through the darkness.

Beckett died in Paris in 1989 and is buried in Montparnasse cemetery. In Foxrock he still lives. A plaque on the side of Cooldrinagh proclaims the writer's birth. The date of his death remains blank.

Cooldrinagh is being auctioned by Lisneys of Dublin on Thursday. The guide price is £600,000.

Computer solace

Jean Miles finds comfort on the Internet

My daughter gave birth last October to a son with Down's Syndrome. I was with her when Oliver was born, and with her two hours later when she heard the diagnosis of Down's.

Her husband, meanwhile, was pacing Amsterdam airport, making a poor connection home to Edinburgh from Cairo. They are both in their early 30s. Oliver was their first child.

The first thing I did, that shell-shocked weekend, was turn to the Internet.

One of the more solidly useful features of the Net are the "newsgroups", literally tens of thousands of them, in which people all over the world "talk" to each other about every subject under the sun. I knew before I started looking that there would be a Down's Syndrome group. There is - it is called [bit.listserv.down-syn.com](http://listserv.down-syn.com).

In an Internet newsgroup, anyone can "post" a message and anyone else can answer, either by posting a follow-up message for everyone to see, or by writing privately (by E-mail, of course) to the original writer. When you log on, your system will collect all the messages posted since the last time you were there. You can then log off and read them without further strain on the telephone bill.

Within the first few days, I posted a general message: did anyone know anything about bringing up a child with Down's Syndrome? No one did, but we got a lot of mail congratulating us on Oliver's birth, welcoming us to the group, and telling us where on the Internet we could find more information about Down's Syndrome.

In the event, it was of no use to us. Oliver turned out to have a heart defect and other surgical problems. All seemed to be going well after his first operation, but when he was two weeks old, he developed an infection. Other problems followed in rapid succession. All of his little life was spent in

intensive care. He died in early December, aged six weeks.

During Oliver's life, I became deeply attached to [bit.listserv.down-syn.com](http://listserv.down-syn.com). I still read the messages in the group and correspond with ghostly friends. Without looking particularly hard around the Internet, I have found groups concerned with diabetes, AIDS, arthritis, schizophrenia, muscular dystrophy, cystic fibrosis, and dyslexia.

People with Down's Syndrome have earned GCSEs, passed the driving test, written books. The present generation of children is very likely to take things further.

The people who post messages in the Down's Syndrome group, therefore, are not just cheering each other up. They are working out their children's future, and they have everything to play for.

Some of the children are severely handicapped, and some of the parents have days when they think they cannot take any more. The messages of comfort and support they receive from other members of the group are touching. Ill temper occasionally flares - abortion and unorthodox vitamin therapies are particularly tricky subjects.

This kind of quiet, low-key usefulness must be going on in many other corners of the Net. If you are at all familiar with these matters, you will know already how to search the list of newsgroups for a particular problem. If not, the easiest way to find out is probably to visit an Internet cafe.

Many cities have them now. Try Cyberia in the telephone directory, or make inquiries in a computer shop. The cafes have rows of computers connected to the Internet, which you can hire by the half-hour. Londoners will find a similar facility in the computer book section of Dillon's bookshop, off Tottenham Court Road.

The cafes vary in ambience, but however noisy and youthful they appear there will be someone who can help you find the newsgroup you want.

■ Jean Miles' E-mail address is jean@jeanmiles.demon.co.uk.

HOW TO SPEND IT

The watch awaits its finest hour

Technology meets the unassuming timepiece, writes Lucia van der Post

It will not be long before those who buy a watch simply because they want to tell the time seem like strange, antiquated beings, failing to face the future, missing out on the brave new world. For the watch, small and unassuming though it may seem, has become one of the latest recipients of bright new technology.

These days, a watch can keep track of your appointments, warn you if you dive too deep, count a runner's lap times, do double duty as a ski lift pass or a pager, link up with your PC – all quite apart from telling the time. Most of us are used to the idea of watches that are rugged enough to withstand water and cold, that can act as a compass, altimeter or barometer. But for the watch, the future is only just beginning.

Lots of swanky new ideas are being tested at Swatch headquarters in Switzerland, where the Swatch Access, which can

be programmed to contain the details of a lift pass so you just flash your wrist at the ski lift gates, was developed.

It may not be long before watches can be programmed to do a whole raft of things – from doubling as a credit card or hotel room key to keeping a check on cholesterol, blood pressure and heart function and allowing the wearer to check on telephone messages at home or office.

For James Bond fans, much

of this will be nothing new – Pierce Brosnan sported an Omega Seamaster which, fitted with a laser, came in handy at crucial point. The standard version for the daring diver could just as easily save its owner's life – a helium escape valve will warn when levels of helium are rising too high.

For many of the rest of us, the range of watches is already bewildering – some of the most interesting are featured here – but, rest assured, there are more to come.

Beyond telling the time

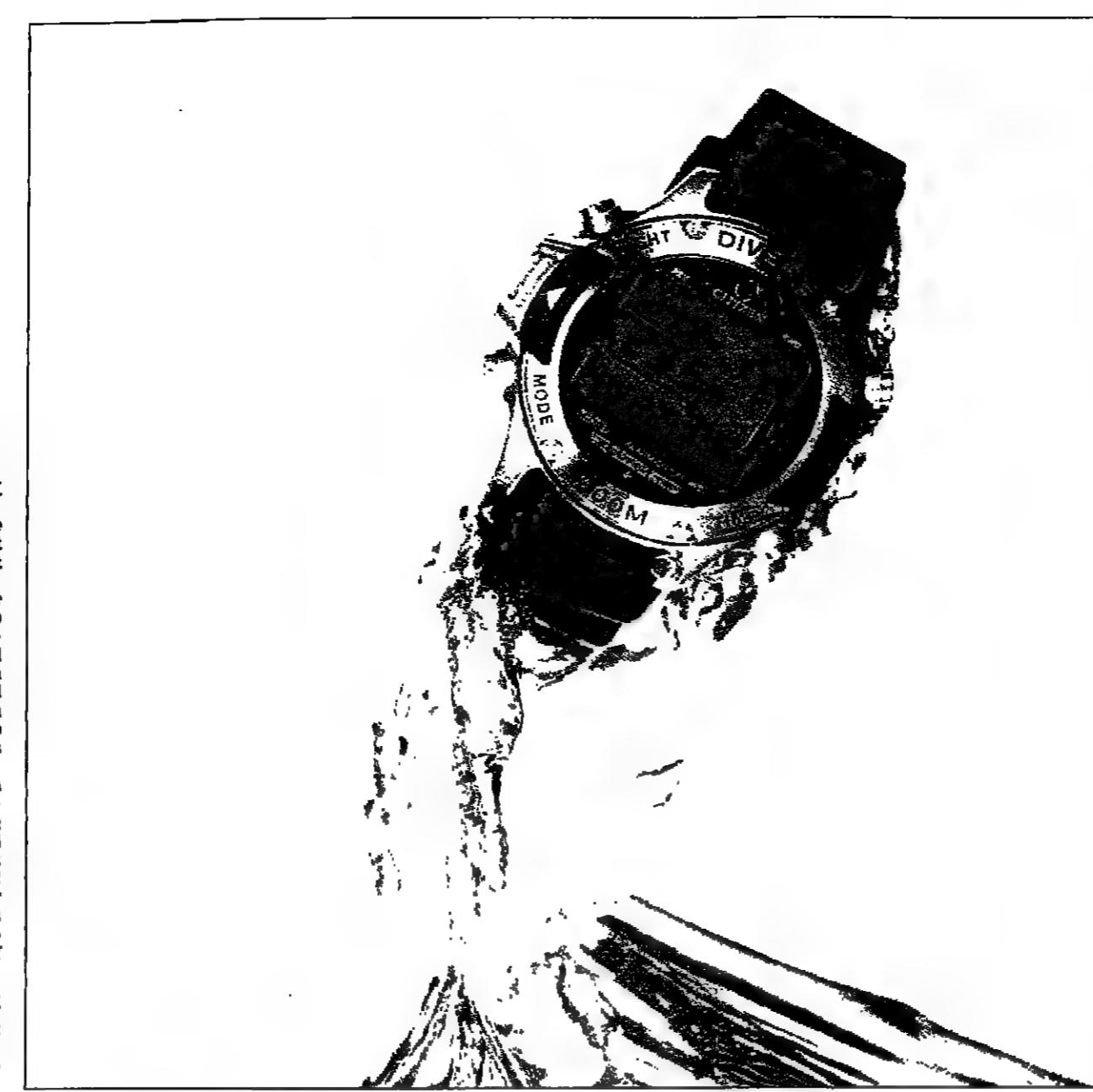
DIVERS (main picture) For professional divers who, for mysterious reasons known only to divers, need (or like) to keep detailed records of every dive, the Hyper Aquatique is the watch to have. From the minute it enters the water, it records everything about the dive that a diver needs to know – depth of dive (up to 80 metres in units of 10cm), length of time and water temperature, all of which can be seen on the watch face. For those who buy the interface and software, the details can be downloaded onto a PC – £245 without the interface, £395 with. From H. Samuel and Ernest Jones shops as well as from good diving shops. Stockist information from Citizen Watch 01734 890333.

WITHIN REACH (top left) It seems only the other day that pagers were the latest thing. But today, the function has been repackaged into something infinitely smaller... a watch. Swatch's Beep is a wristwatch cum-pager which looks as good as many a watch and functions as efficiently as a pager. It makes the pager a practical item in all sorts of new situations – lighter, harder to forget, an integral part of the daily wardrobe. When the caller rings the paging number, an operating service takes the message and keeps the owner. The relevant message then appears on the wristwatch display. Unlike a mobile phone, there is no need to deal with the message until you feel ready – £99.99 from Swatch Store, 313 Oxford



Street, London W1 and BT stockists. For further stockist information, tel 01703 237779.

ADVENTURERS (top right) The Breitling Emergency is



Road, London SW10; Watches of Switzerland, 16 New Bond Street, London W1 and other Breitling stockists.

TRAVELLERS (bottom left) Timex's Data Link can store lists and times of appointments, phone numbers, lists, anniversaries and any other reminders you choose to download on to it. Information can be downloaded on to the Data Link software from any PC using Microsoft Windows 3.1 or higher and a CRT monitor. The information can also be downloaded from IBM compatible laptops if they are connected to a CRT monitor. So our very busy businessman about to set off for, say Tokyo, can file to his watch the relevant names, telephone numbers, appointments and everything else he might need for the trip.

It also has a number of other functions from five programmable alarms to an illuminated night light – £130 from House of Fraser Stores as well as computer retailers and electronic stores.

SKIERS (bottom right) Next year on the slopes, ski passes might well be a thing of the past. Anybody who has skied knows the problems of groping for your ski pass as you cope with your ski gloves and the pushy chap on the left who is trying to overtake you. Swatch Access could be the answer – a wristwatch that also acts as a ski pass. A chip for storing details of the wearer's ski pass and a "sensor ring" that emits an impulse to open the gate to lifts and cable cars means you need never have to do more than flash your wrist to get on a lift. You can get it programmed at the base station of resorts all over the Alps. Next year, it should function in the US as well – £29.50 from the Swatch Store, 313 Oxford Street, London W1.



Ossianis (top) and Picasso: time to raid the knitwear archives

Watch the U.S. 500, the Real 500, Live on ESPN

500 miles of wheel-to-wheel racing at Michigan International Speedway, the fastest track in the IndyCar series.

Sunday, 26 May on ESPN International and EUROSPORT. Consult your local listings.



Science fiction made fact

Continued from Page I

ners, however, is not the idea that the information would be destroyed, but that it could be subtly corrupted so that its user did not know it was inaccurate. Even computer scientists seem uncertain of how this might work, but the aim would be to create total confusion by making computers usable but unreliable.

Information warfare may help even the balance between first and third world nations in 21st century combat, but there is little doubt that most of the trends favour an increasing dominance by industrial powers over everyone else. Wars may be frighteningly expensive, but at the Gulf and even Bosnia eventually showed the application of western military might is quickly decisive when applied, even against massed

Western planners make much of the need to develop new military technologies to check the expansion of fundamentalist states which, they argue, are prepared to go to any lengths. The reality is likely to be the reverse, however, with the west increas-

ingly able to project its power against ideologies it dislikes.

One small vignette makes the point: there is little doubt that Colonel Gaddafi, the Libyan leader, used to sponsor international terrorism. But a decade ago the US raid on Libya put laser-guided bombs into Gaddafi's own tent, killing one of his children.

US intelligence officers are convinced that as a result he became acutely aware of his personal vulnerability, and Libyan support for terrorism has certainly waned.

Between developed nations possessing such technologies, however, there may well be an increased mutual deterrence, given the frightening losses one could inflict on the other just using conventional weapons.

Unfortunately, this Mexican stand-off would be terribly unstable, given that a rapid first strike to blind and disable the enemy could well prove effective.

An unstable equilibrium was maintained throughout the cold war partly because nuclear weapons are unimaginably destructive. The new weapons may offer the

apparent surgical precision which could make their use politically acceptable.

Nor is it likely that the problem will be avoided by agreement not to pursue these technologies. History suggests that a weapon once devised, is bound to enter the world's armories. If these new weapons follow the same pattern, politicians will have to get used to fighting wars at a lightning pace.

Such speed will cause a real problem for political control of warfare. Current techniques of diplomacy and defusing tension still owe more to the age of Palmerston and Bismarck than that of the information era, and may be ill-suited to a rapidly escalating future crisis.

Should old-style diplomacy fail, future politicians may be faced with the simple choice of caving in to their opponent's demands or unleashing their new high speed dogs of war without constraint. Politicians may lose detailed control of military actions because there will not be time to dictate the pace of the escalating conflict.

Political leaders will no longer have the luxury of having over an attack on this

bridge or that bunker, or even whether one type of weapon or another may be used at all. Nor will they have the opportunity of lulles in the fighting to put out peace feelers to a badly beaten enemy.

Wars, even limited regional wars, are likely to be rapidly and brutally prosecuted to their conclusion, with politicians prisoners of the logic that they must finish rapidly what they have started, or be defeated.

The long shadow of nuclear war and mutually assured destruction seems to have receded, yet a new philosophy of the control of warfare will be needed before long. What is perhaps most frightening about this danger of losing political control is that the world's politicians seem content to ignore it.

SHOOTING AVAILABLE

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ted

looks back in
knitwear

FASHION



Two-piece vest and maxi-skirt in cotton zig-zag, £260 for the two. From a selection at Browns, South Molton St, and Fortnum & Mason, Piccadilly

Space-dyed cotton viscose knit long dress with train, £475. Stockists as before.

Cotton and linen open-weave tunic, £265 for both pieces. Rainbow zig-zag viscose hipsters, £220. Stockists as before.

Space-dyed cotton knit stretch dress, £230. Stockists as before.

Illustrations: Richard Gray

The way we were – and are again

Those were the days. Flares, kaftans, skimpy vest tops. Marion Hume revisits the 1970s wardrobe

To those who remember the 1970s, fashion's revitalisation of the decade that style (almost) forgot is scary.

Flares, tie-dye, kaftans and wedge shoes may be reappearing on the most *avant-garde* catwalks and clubs, but they have not a hope of appearing in most of our wardrobes. But the 1970s was not devoid of style. It was a time of great experimentation and, in fashion terms, of the rise of Milan as a fashion capital. And in Milan fans flocked to Missoni.

Fast-forward to summer 1996. It is 48 years since Tai and Rosita Missoni, the husband and wife team, founded a knitwear company in Gallarate, near Milan, that caught the attention of the fashionable in Paris, London, New York and beyond. Once again, fans are flocking to Missoni.

Some are young enough to be wearing open-weave knit flares and skimpy chevroned vest tops for the first time. Others have seen Missoni come and go and come again, and are happy to welcome back a friend.

In the 1970s, fashion journalists were fulsome in their praise for Missoni's art and craft.

"It's what Chanel would be doing were she still alive," said Bernadine Morris in a 1971 edition of The New York Times. Morris is now retired.

"Missoni is the reason for coming to Milan," Joan Juliet Buck told Women's Wear Daily, the fashion trade paper, in 1974. She is now editor of Paris Vogue. Missoni's knits were the thing to wear: in flares and tunics and cardigans trailing almost to the floor.

There was an exhibition at The Whitney in New York, the launch of a perfume (called simply, Missoni), and packaged in a chevron-

patterned box), and, for the pre-Filox crowd, multi-coloured Missoni diaries were sent as prized Christmas presents.

But what was in fashion went out of fashion. For years Missoni die-hards could stretch out at bi-annual fashion shows, which were not exactly packed to the gills. The Missoni fans, who had fallen in love with the combination of comfortable knitwear and colour, were not about to give up their favourite label, and they did not. But fashion's fickle wheel had turned.

Such is its nature that it has now turned back. Gal Pearl Marshall has been the press officer for Missoni in the UK for 15 years. Before that she worked for the company in Milan.

"Now, fashion stylists from the hip magazines are ringing me up. They have just 'discovered' it," she says. Missoni knits have been the subject of a spread in the ultra-hip

men's magazine, Arena. Marshall is thrilled. The last time Missoni was this hot was the early 1980s. Then it caused something of a scandal because the knitwear was shockingly semi-sheer under the harsh catwalk lights.

Marshall stresses, as do Rosita and Tai Missoni, that nothing has really changed. The designs have been tweaked a little, with US Vogue, the fashion magazine, having given advice on how to move the line forward a fraction to make it absolutely modern.

This tweaking has made sure the knits, in the muted colours of autumn leaves or the summer-bright mixes of yellow, green, hot pink and orange, are in the right shapes for the moment. But the tunics, the flares that are attracting a new young market today have in fact been in the line all the time.

The Missoni favourite inspira-

tions in knit – Africa, India, geometric patterns, graphic black and white patterns, flowers, stripes and eye-catching zig-zags – remain the same.

Often, when fashion labels return to prominence after a time in the wilderness, those with originals should be warned against wearing them in public again.

Such was the case with the gaudy and glorious Pucci print revival of 1992, when Elizabeth Taylor, a dedicated Pucci fan from the 1960s, was wise enough not to dig into the depths of her wardrobe.

Pucci's vintage prints looked best when they had been found, like treasure, in secondhand shops, by those too young ever to have heard that Marilyn Monroe hoped to be buried in a Pucci shirt.

Pucci's vibrant synthetic minidresses would have looked dreadful on anyone old enough to have kept

a piece from the past.

Happily, for those with adored old Missoni pieces in their wardrobes, the same is not true of multi-coloured knitwear (although perhaps you would be wise not to wiggle into those original knitwear flares). The reason, perhaps, is because Missoni has always been more about art than fashion and therefore somehow does not wither with age.

Anna Piaggi, an exuberantly dressed woman d'en certain age, a fashion editor with Italian Vogue and an early and on-going fan of Missoni, once compared the company's artisan approach to clothes to the Bloomsbury Group's approach to interior design. Her comparison remains true.

Missoni works again for those who loved it from before because it has a craft-based charm, determined first and foremost by colour and texture (the tactile element is very important).

"We make clothes which can live together with their owners for years," Rosita Missoni has always insisted. Those who have kept them can now be thankful and, if they have teenage children, should tell them to keep their hands off.

Meanwhile, those in London who are discovering the line are heading to Browns in South Molton Street and Fortnum & Mason, Piccadilly (plus Matches of Wimbledon which stocks Missoni menswear) for strip-knit vests, maxi-skirts in multi-coloured chevrons, the skinniest sheaths and the most body-conscious dresses. Those intending to top up their existing Missoni collections without squeezing in to anything tight will be relieved to know that the floppy, fluid cardigans, and the loose bright sweaters remain, as ever, in the collection.

There are dyed-in-the-wool traditionalists, still contentedly shopping for classic underwear, who remain oblivious to the fact that fashion design has infiltrated this last redoubt of a man's wardrobe.

Now that shorts and vests have come out of the locker room into the limelight, we are all a bit more up-front about underwear.

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Don't get your Nikos in a twist

Shorts have moved out of the locker room and into the limelight. Iain Finlayson reports

Nothing is sacred. In

1989, Nikos Apostolopoulos, a Greek

swimwear and

underwear designer, met his

"appointment with destiny"

and redesigned the jockstrap.

In terms of global achievement, this may sound small. But it was a big moment for Nikos who claimed to have rehabilitated the single remaining item of intimate menswear that seemed fate to hang unsung in locker rooms.

From this moment of apothecosis for the athletic support, it hit the fashion fast track.

The new jock-shock supposedly delivered a knockout to

boxer shorts and stitched up

traditional Y-fronts.

Similarly, in 1983, Calvin Klein – already a successful fashion designer – took men's underwear and gave it a twist.

With characteristic solemnity, he announced that he had taken underwear "beyond the classic and predictable, giving it more meaning". The meaning – reinforced by homoerotic advertising and high fashion hype – was that men could reinvent themselves as sexy, and wear fly-front boxer shorts, briefs with broad, waist-flattering elastic bands and subtly redesigned Y-fronts, again.

Enough men bought the

meaning and the product, to the tune of \$70m (£46m) a year, to confirm Calvin Klein as a universal brand name.

Calvin Klein underwear was given bigger status when it implicitly associated underwear with sensuality. Gym-built models looked as though they were experiencing a testosterone surge in their "meaningful" Calvin Klein Y-fronts.

This was a bold stroke: the Calvin "guy" had all the attitude that went with high cheekbones, a washboard stomach, hungry eyes and manly hair. He was an athletic Apollo, a Nautilus-built Narcissus.

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The theme was picked up by Levi to advertise its jeans. Young and hunky Nick Kamen stripped to his boxer shorts in the laundrette and stuffed his jeans into the Maytag. The prime-time commercials sold more than Levi 501s – there was a nationwide rush to buy cotton boxer shorts.

Designers are constantly on

the lookout for new places to flaunt their labels. When Dolce & Gabbana put a model on the catwalk flashing a D&G label on the waistband of his underwear, the fashion industry got

what it wanted – more exposure.

Designer-label shorts are big business. The biggest names now design underwear that has

become virtually indistinguishable from sportswear. Look out for Ralph Lauren's Polo range of ribbed cotton shorts and vests in athletic greys and

whites; Tommy Hilfiger's preppy boxers; Paul Smith's high-tone, low-key, high-cut V-neck vests; Hanro's elegant, understated vest and shorts co-

ordinates; Versace's ritz glitz; Helmut Lang's uncompromisingly skinny-boy, easy sleaze briefs.

Underwear now leads a double, even triple life: in the sexy, fashionable vests that look like sweatshirts and T-shirts, in the shorts that look like swimwear and sportswear, the modern man can sleep, hang out around the house and go to the gym in his multifunctional underwear, then put a suit on top and go to work. At night, to go dancing, he just takes the sun off again.

You get more clout for your buck these days with designer underwear. The big designers derive their ideas from authentic sportswear, adapting athletic images from the ski piste, cycling arenas, track and field lanes, the rugby and football fields, the fencing salas and the boxing ring.

Form combines with function,

with seams on the seat, underwear can trim and tighten the derrière. With wide elastic bands, underwear can control waist roll. With a thigh-high cut, underwear can

hyp the hips and eliminate

the embarrassing problem of visible panty line.

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FOOD AND DRINK

Loch Fyne's seventh sea food fair (held at Cairnwood, at the head of the Scottish loch) looks set to be the best yet, extended this year to run over today and tomorrow.

It will offer a taste of the finest and freshest the west coast of Scotland has to offer in the way of oysters, lobsters, langoustines, velvet crabs, mussels, surf clams, razor fish, smoked salmon and other fishy treats. Wine and beer will flow and there will be sushi demonstrations, pipers, highland dancers, fire jugglers, jazz bands, puppet shows, and dancing into the night. For further information ring 01499-600217.

■ ASPARAGUS TIPS: The most stylish way to entertain lovers, family and friends this summer is with asparagus. As all foodies know, freshness is crucial to the

good eating quality of the lovely spears – but it is a sad fact of life that, because of central buying operations, most produce does not go on sale to the consumer until three days after harvesting.

Dedicated gourmets and gourmands will therefore want to buy direct from a pick-your-own farm or a farm shop that sells own-grown asparagus, and then drive straight from the source to the door of the lucky recipient to hand over personally the impressively fresh-cut bunches of summer's best-loved vegetable.

Recommended growers include:

Walsgrave Farm, Great Witley, Worcestershire (tel: 01299-886272); Alder Carr Farm, nr Needham Market, Suffolk (0149-720620); Wharfside Grange, Harewood, West Yorks (0113-288 6320); Michael Paske Farms of Honington, nr Grantham, Lincolnshire (01400-250449); Rector Farm, Stanton St John, Oxon (01865-351214/667); Old Hall Farm, Attlebridge, Norfolk (01603-867317); Garden Farm, Peterstone-super-Ely, Glamorgan (01446-760358); Sepham Farm, Shoreham, Kent (01895-522774); Dunleigh Marsh Farm, Petersfield, Hants (01730-621626); Warrington

House Farm, nr Olney, Bucks (01234-711461).

If your ardour and greed are not matched by convenient proximity to both grower and the bone of your loved one, you will find an angel of mercy in Mrs Colegrave of Wykham Park Farm, Banbury (01295-252049).

In addition to selling fine own-grown asparagus daily at her farm gate, she is happy to pack and dispatch 1kg bunches by first class post. Picked at 9am and at the post office by 11am, the delectable treat should reach its destination early next day – in plenty of time to

cook and serve for a celebration lunch.

■ ORGANIC UPDATE: The combined forces of SSE and the Guild of Food Writers' Vegetable Challenge have done much to stimulate increased awareness of, and interest in, organic farming and gardening.

To find out more about where and how to buy produce reared or grown to Soil Association organic standards, send a cheque for £3 to The Soil Association, 86 Colston Street, Bristol BS1 5BB, requesting a copy of the booklet that lists by

area the names, addresses and telephone numbers of members together with brief details of the produce and service each offers.

The fastest expanding area of organics is probably the "Veg Box Delivery Service". This is a scheme by which smallholders and others will deliver to the door on a regular basis (usually weekly) fresh locally grown seasonal vegetables (and sometimes fruit) within a given radius.

Both city centres and rural areas are covered. Terms and selections vary according to grower and organiser. Some are much more

imaginative in their choice, and more flexible, than others.

Armed with the booklet, ring around members in your region and you may find you can enjoy most of the benefits of having your own productive vegetable garden without having to do the work.

■ SALAD DAYS. Spring has sprung at Waitrose, the UK supermarket chain, with the introduction of some excellent new herb and salad pillow packs. The Gourmet Salad and Watercress Salad each contain good-looking and tasty selections of leaves including rocket, mizuna, baby spinach, red oak leaf lettuce, red mustard, watercress, red kale and corn salad. Sorrel is at last available in 30g pouches – bigger would have been better but this is at least less messy than the tiny bouquets available previously.

Eating out / Nicholas Lander

A night in a room called Freixenet

An unusual line in sponsorship and some creative hotel financing has been behind the growing success of Winchester's Hotel du Vin.

The hotel, a 10-minute walk from Winchester station, is the brainchild and passion of Robin Hutson, formerly of Claridge's, the Berkeley and Chewton Glen in the New Forest. Along with sommelier Gerard Basset, whom he met at Chewton Glen, Hutson's passion has created an establishment very different in atmosphere from most English regional hotels.

Hutson and Basset persuaded 20 of their favourite wine producers to put up £100,000 in return for a special rate

long, with 26 first and main courses. The first 14 dishes, including salad of scallops, coriander and lemon oil or chargrilled asparagus and red peppers or *crostini* of goat's cheese with a mixed leaf salad, are on offer as either first or main courses.

I was interested in the tomato tart starter, a dish which traditionally takes some time to prepare to ensure the pastry is cooked through. Martin's version was base is cooked through separately using a thin pastry dough, sliced and then topped with emmental and grain mustard. Fresh herbs or salad leaves

Wine producers were persuaded to put up £100,000 in return for a special rate

are common to a number of dishes. With the tomato tart, a large dollop of rocket arrives soused in good oil. The tart arrived within minutes, as did our other starter of Italian roasted mozzarella wrapped in Martin Speck.

My main course, a lamb shank braised for 12 hours, with olive-oil-mashed potatoes, flageolet beans and a pepper sauce, highlighted the disadvantage of having such a large menu in a busy bistro. It, and the vanilla ice cream which followed, lacked the intensity of flavour I was expecting. The final presentation of the dishes is slightly repetitious, too.

However, it was an enjoyable dinner and the pleasure of a keenly priced wine list meant that the following morning we were definitely suffering from the sin of gluttony.

■ Hotel du Vin & Bistro, 14 Southgate Street, Winchester SO23 9EF. Tel: 01962-841414, fax 01962-842458. Open all week. Rooms £69-£99. Three-course dinner £25 per person. Wines from £2.60 per glass.

This lack of flesh, often accompanied by uncomfortably high acidity and, sometimes, markedly unripe tannins, is frustrating. In some Cabernets it may be the result of old vines which are just too full of virus to ripen fully at all but in many other red wines it reflects unnecessary caution on the part of growers. Autumn rainfall, far from presenting an annual danger as in northern Europe, is luxuriously rare in the Cape. Yet the importance of ripeness and racking (separating the wine while transferring it from one barrel to another).

The more traditional South African wine producers tend to dismiss reds which can offer some substance and charm in youth as mere "fruit juice". The idea that acid and tannin alone make a classic is still dangerously prevalent – but then real tasting experience of many South African reds.

That is the penalty of isolation.

A 1993 Merlot from Yonder Hill, a new, 25-acre Stellenbosch producer, was extremely impressive when tasted there in a blind line-up of 10 fine South African reds assembled by wine writer John Platter.

Back in the UK, however, it

betrays the leanness which is

still the besetting sin of too

many South African reds.

This lack of flesh, often

too rare. Perhaps it is significant that the award-winning Webbs of Thelema and their palates are relatively well travelled – and that Plaisir de Merle, thoughtfully made at Stellenbosch Farmers' Winery showcase with a heavy helping hand from Paul Pontallier of Château Margaux, is one South African red with a very obvious future and present. If there is one thing that is understood by the Bordeaux first-growths, it is the importance of ripeness and racking (separating the wine while transferring it from one barrel to another).

Haute Province 1995 Cabernet Sauvignon, also in Franschoek, old Huguenot country,

is promising, as are the first

Merlots emerging from Vergelegen, the extravagantly ambitious showcase winery funded

by Anglo American, presumably eating up about 0.0001 per cent of that company's mining profits.

I have already written about the exciting potential for Pinotage, South Africa's own vine.

Among attempts at the great Burgundian red grape Pinot Noir, Haute Cabrière 1994 stood out. Glen Carlou (now part of the same family as Hess in California) and Louisvale do a fine job with its white counterpart Chardonnay, and Hamilton Russell will. Platter's Clos du Ciel is worth tracking down.

However, I remember donay I remember

from a sea of somewhat vapid but politically correct mouthwashes, was the dramatically dense, spicy,

Swaziland and/or an un-inspected suitcase.

In the long term, however, it is surely the lifting of another ban which will have the most beneficial effects. For the last few years it has at long last been possible, theoretically at least, to plant vines anywhere in South Africa, and not just on land already belonging to someone with a vine quota – no matter how unsuitable for fine wine, until the next century.

That said, perhaps the most dramatic improvements in wine quality have been as a direct result of planting better quality (and virus-free) clones of the classic grape varieties. In the old days of rigid controls and extremely strict quarantines, most decent plant material had to be, as they say, "creatively sourced". via

Next week – a look at South Africa's wine bargains.

Hitting the quality targets

Jancis Robinson finds out whether South Africa is already making fine wine

South Africa's Western Cape: there is almost unlimited potential

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TRAVEL



Port Said: has less of the bombastic feel than the other towns along the Suez Canal

Very English good taste

The balcony of the Juliet suite gave a fine westerly view out to the 300-acre park. As the sun began its descent there was a muffled drum-roll of hoofs and a racehorse went careering across the scene, its jockey bunched up like a Moslem at prayer.

Riding, they say, is just a matter of balance.

That night, from a four-poster bed as high and firm as a stiletto's bust, my eye fell on a pair of prints showing over-dressed cavaliers prancing on over-muscled horses. *Variatio ad extremum* read one inscription; *crujona ad partem sinistrum* said the other. Dressage, like so much in life, is a piece of cake when you know how.

These equine intrusions into a quiet weekend at a country house hotel served as a palpating reminder that I had undertaken, the following morning, to break a 20-year-old vow never to mount a horse again. The vow was the natural result of being pitched over a hedge and onto a road by a skittish Lancashire filly.

Many are repeat visitors, like Toshi Hayashi of Tokyo who wrote: "This is my fifth visit to the Bath and third staying at the Hotel Nicoll."

The public and private rooms are profusely decorated in "good English taste", the textured reproduction Gainsborough or Reynolds set on the fine drawing room, clumps of obscure old books in the library, chosen more for their covers than their contents, and swags everywhere.

Lucknam is approached by a fine beech avenue, and it was down this that Conker finally came at an ambling trot to conclude our ride through woods and pasture. As I slid from his neck to fall on jellied legs I felt rehabilitated, required.

Was Conker cured? I doubt it.

Lucknam Park, Colerne, Wiltshire, SN14 8AZ. Tel: 01256 742777; fax: 745236. Rates per room: single £120 or £150, double £170 or £220, suites £240-£350. Leisure breaks two to seven nights at special rates. Riding £35 an hour; children £20.

Christian Tyler

A walk through Port Said

Jack Barker finds an unspoilt centre of culture as he explores Egypt's fourth largest city

Any foreigner wandering around Egypt looking reasonably approachable is likely to meet at least one Mohammed in a day. In Port Said, I met mine at a funeral.

He was British, he assured me in a hybrid language that had a strong Welsh accent. That was about the last thing I understood for some time. He produced a dog-eared British passport to back up his claim, and I accepted the offer of tea in his chicken shop.

Crates of live chickens were stacked on the pavement. But they were not all he sold. Towards the back, 20 or 30 rabbits disposed around the white-tiled floor, too frightened to make a break for freedom through the crowds of black-veiled housewives who saw them as brunch not Brer.

The bunnies were much too slow. I kept my eye on one tabby rabbit, who sniffed at my feet in an endearing way. Suddenly he was spotted by a hawk-nosed woman across the street.

My new friend was scooped up, weighed and priced while dressed and full, before being killed and bled in correct Halal style. Mohammed stripped off the skin as if he was peeling off someone's wetsuit, and the rabbit moved out of my life in a carrier bag.

A small boy bought a glass of black tea on a tin tray, while I watched a bulk order of chickens go through the plucking machine.

My next cup of tea was in the rather calmer atmosphere of a licensed restaurant. "We come here for the shopping." I was told by the two vastly overweight British women, expatriate wives in Egypt, between mouthfuls.

"Do you feel like another

cup?" "Yes, let's." It is this sort of tourist, rather than the pack-travellers with Baedekers, who make it to Port Said.

Shopping is one good reason to visit Port Said at the Mediterranean end of the Suez canal, is a tax-free zone. It is not the only one in Egypt - the harbour at Alexandria and the airport at Cairo are others - but as free status applies to the whole town it is certainly the largest.

But it is more than this. Although it is a cosmopolitan port, linked to the world by centuries of trade yet linked to mainland Egypt only by a thin but growing strip of silt, Port Said is one of the most unspoilt centres of Egyptian culture. Whereas Ismailia and Suez were close enough to the Sinai peninsula to be flattened by the Israelis, Port Said, just out of range, preserved its high wooden houses, with banks of

verandas protected by carved wooden harem-screens in the town centre.

At the time of the Israeli occupation of the Sinai most of Port Said was evacuated, but it has less of the bombastic feel than the other towns along the Canal.

The economic disruption caused by war means that the town is only now climbing out of a long recession, which saved it from much of the cheap concrete housing estates that signify progress elsewhere in Egypt. There is much less stress on foreigners there and no hustling Nile carriage-drivers. Saidis are used to Egyptian tourists out shopping rather than western visitors looking for mummies.

True, visitors geared up for a cultural trip around dusty antiquities may find themselves at a loss. There is a museum, but I missed it. There is too much to see at street level. It is Egypt's fourth largest city, but without the crowds of Cairo or the sophistication of Alexandria. The bustling trading streets are full of horses and carts and the competing chants of Port Said minarets make one of Egypt's most beautiful prayer concerts five times a day.

Among its tourist attractions, Port Said includes a beach. The broad stretch of sand is made gravely by a thick layer of ground seashells that have blown across the Mediterranean.

Even the fishy road surface

was covered in carpet. Row upon row of pious old men sat in tiers of onlookers gathered around a small desk, the imam - an old man with leather skin outlining his bones - sang the Koran in long malodic bursts, breaking every few lines for meditation and recovery. The heavily amplified sound rose above the babble of commerce, unearthly and spiritual. Egypt is not all locked in ancient tombs.

Birdwatchers can see flocks of flamingoes and pelicans on nearby Lake Manzala, which is

actually more of a swamp than a lake. I did none of these things. I walked around the town.

Bursts of the Koran led me to a memorial service, which had succeeded in clearing a section of road in the market. This was something teams of police failed to achieve every day. In the space, scaffolding, lights and drapes made an impressive marquee.

Even the fishy road surface was covered in carpet. Row upon row of pious old men sat in tiers of onlookers gathered around a small desk, the imam - an old man with leather skin outlining his bones - sang the Koran in long malodic bursts, breaking every few lines for meditation and recovery. The heavily amplified sound rose above the babble of commerce, unearthly and spiritual. Egypt is not all locked in ancient tombs.

Mills was for many years Prince Charles's groom at nearby Highgrove. Now he manages the private stables of Lucknam Park, a converted 16th century country house at Colerne, six miles from Bath.

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TRAVEL

Glorious, unchanged Devon

Antony Thorncroft is invigorated by England's south-west coast

It is a choice with no loser - do you visit the north Devon coast for your holiday break or venture to the southern shore? Although little more than 50 miles apart, and sharing the same dramatic scenery of bold cliffs and sheltered coves, in atmosphere they are as different as chalk and cheese, hard strident chalk and soft melting cheese.

The north Devon coast is surprisingly untamed and foreign. Small resorts such as Lynton were only reachable by sea until two centuries ago and, even today, access is not that easy. The romantic landscape where high Exmoor tumbles to the sea, down waterfalls and hidden valleys, which so appealed to Shelley and Wordsworth, still has the power to overwhelm.

This is walking country, and with the National Trust well in control, anyone venturing down to the sea at Heddon's Mouth, or skirting Exmoor at the tumbling confluence of Watersmeet, is sure to enjoy scenery as invigorating as any-

thing in Switzerland.

Surfers and beach bums may be dissatisfied, and there are no great country houses to visit, but this area of England can seem as foreign as abroad. Towns such as Barnstaple and Bideford maintain their famous maritime traditions not in their fishing fleets, now long diminished, but in their people: you will rarely come across so many piratical looking men, such spiky women. This is not a rich region: life is a struggle and it is etched on the landscape.

There are bleak spots - Ilfracombe badly needs a sophisticated shot in the arm and some other resorts are more eager to please the trinket-buying coach trade than settled holiday makers - but in a way this adds to the adrenaline rush.

A perfect day for the discerning traveller would include a visit to Bideford, where high up the hillside above the river is the Panniers Market stuffed with homely antiques; penetrating the hidden countryside between Coombe Martin, with its fine beach, and Lynmouth,

with the must-see church at Parracombe, which, with its box pews and raised minstrel gallery, is the most perfectly untouched 18th century church in the country; sobering up on the day in one of Lynton's Vic-

cacies. This is pretty England but with enough impressive coastal views to kick indecision at bay. When Emma Thompson wanted the quintessential English landscape to depict Willoughby sweeping down to rescue Mariane in the recent movie version of *Sense and Sensibility*, she looked to Mothecombe Bay near Newton Ferrers on one of the longest stretches of unspoilt, heart wrenchingly, beautiful coastline in the UK.

Anyone worried about the spoilation of the countryside will be reassured by Devon where the roads still roll up and down between high hedges, and the landscape of gentle hills crossed with copes, ranges for miles. The coast between Plymouth and Dartmouth adds sea views and massive cliffs, and quiet bays reachable on foot, and even at Slatton, a long stretch of sandy pebbly beach, to the inland calm.

Small resorts, such as Salcombe and Dartmouth, are where the yachts find their land legs and there is a bustle

and flavour of far off places on the quays and along the narrow lanes. This is where the middle classes still come to play, and although bungalow blight sets the outskirts of Torbay firmly at odds with its proud and almost justifiable boast of the English Riviera, it would be impossible to be disappointed at delightful small towns such as castle-capped Totnes, or the small villages that pepper this surprisingly untouched region.

The holidaymakers' passion to shop is well satisfied, with numerous farm centres, not least the extensive Darlington shop close by medieval Dartington Hall, the great progressive cultural machine of the 1930s now nicely matured into an arts centre, and with rooms available for tourists.

You get the narrow lanes that infiltrate to the beaches to yourself - apart from during the school summer holidays - and accommodation can be cheaply enjoyed. Apart from the Imperial at Torquay, which has now recovered some of its former glory, there are few uni-



The way we were: staff at the Thurlestone earlier this century

form hotel chains.

There is one extraordinary hotel perfectly placed on this commanding coast. The Thurlestone has been run by the Grose family for a century. It prospered pre-war as a golf hotel but the links have now

been joined by a swimming pool and health spa. Here British holiday traditions are famously preserved, and as for foreign travel becomes more predictable and familiar there is great charm in the rituals of a modernised-traditional fam-

ily owned hotel.

There are no speedy routes between north and south Devon, which is just as well. Time should be given over to Dartmoor, which sits like a silent giant, a wonderful sight from a distance as the sun sweeps over its brown waste lands but to be penetrated only by the bold. Dartmoor is the dark other side to a pictureque county.

The small towns, especially Tavistock and Tiverton, with their interesting churches and restful airs, must be visited. Devon was too remote to attract house building magnates but Saltram House near Plymouth, also featured in *Sense and Sensibility*, is a bizarre mix of Palladian and Tudor, and Buckland Abbey, bought by Drake with his piratical profits, has a wonderful location, even if its memorials of the great man are relatively few and frequently out of loan.

Devon needs visitors and visitors need short breaks in Devon to recover their faith in the immutability of the English countryside. There are black spots, but much of the coastline has been saved, and the interior of the county is a countryman's delight. Motorways now take you at least to the doorstep; enter and enjoy.

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Weekend FT

OUTDOORS

Gardening

Out of the gloom and into the limelight

Robin Lane Fox finds much to praise in the extraordinary displays at Chelsea

The cold spring weather had beautifully refrigerated the flowers in English gardens, but it was sure to cause problems for exhibitors at this week's Chelsea Show. No other show in the world puts on such variety and display, but growers elsewhere in Europe do not have to cope with such eccentric weather.

The problem is not so much the heat, which can be varied artificially. It is the absent sunlight.

The set pieces from the main breeders of border and florists' flowers had a real struggle. Even the best of the lupins were not open to their tips, while other exhibitors had to make last-minute choices about their flowering alliums and half-hardy plants for adventurous bedding.

The star of the show was staged by the Alpine Garden Society in partnership with the Edinburgh Botanic Gardens. The theme was hardy small plants from China which add much to serious gardens.

Those who say that Chelsea is predictable should remember the range of first-time triumphs which appeared on this exhibit. Scarlet-red *Mecanopsis* is not a routine plant for exhibitors and I doubt if Chelsea has previously seen the superb green-yellow effect of the desirable wild rhubarb *Rheum alexandrum*.

This plant has stalked my gardening life, but I only manage to flower it every two or three years, even after discovering that it likes the wet conditions which it is now known to prefer in the wild.

It was one of dozens of rare Chinese beauties which were triumphantly assembled from these two non-commercial sources. Many of them would be easy garden plants for those of you with an acid soil. The rest of us should congratulate the organisers for the unique arrangement which they had assembled from so many sources.

Exhibits with such horizons help to advance public ideas of what is available. A high proportion of the plants had been raised from seed collected by the Society on recent visits to China, allowing us a fascinating glimpse of plant-hunting in progress.

Cold spring weather does not deter alpines and my second award would go to those fine Lincolnshire growers, Potterton and Martin, who produced a specimen of the pink peony *Campanula*, perfect in its short-lived flowers and grey and bronze flushed leaf.

I also admired the variegated Haccias and other well-chosen varieties on the stand of Chelsea newcomers, d'Arcy and Everest from Huntington, Cambridgeshire. They were the outstanding rank of exhibiting nurseries.

Perhaps alpines scare you, although they are often so easy and distinctive. If so, you probably feel at home with the dreaded *Buxus* Lizzy which is appearing by the thousand in packs for hasty window-boxes.

The size of flower and colour become more artificial every year, but I suspend my disbelief in the family now that I have seen the small-flowered variety, *Impatiens pseudovulviflora*, in white and a new pink variation. It has great charm and every virtue for a pot outdoors, although it is not hardy.

Brian Hiley has dug it out from near-oblivion and had two wonderful plants on show, along with his big-leaved grey beauty, a variation on the well-known *Senecio* which the botanists have renamed *Bryophyllum*. All these plants will be back again on his stand at the Hampton Court Show from July 9, where you can buy them on the spot.

At Chelsea, you could consider buying almost anything from old clay flower pots at £1 or more each



First time at Chelsea: Madwyn Williams of R.M. and G.V. Williams, vegetable seed specialists, of Llanfairpwllgwyngyll, Anglesey, with his display

Trevor Humphries

to a large parasol, admittedly with a triple brass fitting, which would set you back £690 from Indian Ocean, 165 Balham Hill, London SW12 if you wanted to throw money down against the wind and sunshine. Traditionally-woven willow hurdles from Somerset now start at £44 each if you want these rustic alternatives to the dreaded fencing-panel.

My real awakening among the sundries has come belatedly in the greenhouse section. For years, I have been one of the thousands who detest those aluminium or red cedar houses which the makers force on every man, as if all gardens had to look like the worst of suburbia.

At last, the aluminium frames are being offered with a paint-coating of dark green which civilises them for any setting. I think this recent innovation is a real godsend. It means that you can have a visually tolerable working greenhouse without the

sky-high price of a "conservatory" with frills. I am pleased to admit that the best lookers at the show were the Varsity line, manufactured by Cambridge Glasshouse Ltd, Barnton Road, Comberton, Cambridge.

What, as always, about the carefully-designed gardens? One or two can now be found inside the tent which strikes me as a good innovation. A site under cover reduces some of the promotional lunacy.

I was much struck by a small, pretty combination shown by Webb's which included decidedly unusual varieties with the minimum of fuss and self-congratulation. Perhaps you already grow *Nemesis Confetti*, a pleasantly pale honeysuckle called Anna Fletcher and the variegated form of *Cistus Grayswood Pink*.

They took me by surprise, on the rebound from the city council shockers and those rather depressing

exhibits which keep turning up from South Africa, even in these more optimistic times.

The Kirstenbosch Gardens have such a high reputation and a wonderful collection that I wish they would show us something other than yet more proteas, bits of debris and dead wood.

Outdoors, there were eight Gold Medals, but it was lucky that I was not a judge. There was a pleasant swing to Wyevale's attempt at a Caribbean garden and for once, an ethnic theme did not prove to be a silly disaster.

Their main plants had a firmness of outline and a brightness of leaf which justified the exercise, but it would not have been difficult to remove the plain ferns, standard ivy and implausible ornamental rubarb which were totally at odds with the West Indian publicity.

Likewise, I was not the only visitor to appreciate the Japanese garden house in this year's main stab at a Japanese garden, but it is a shame when these highly expensive ventures send themselves up at the level of planting. I cannot recall a serious Japanese garden which uses that beastly black apology for sedge-grass, *Ophiopogon*.

It is lucky that no-one will ever ask me to issue guidelines for exhibitors outdoors at Chelsea. I would warn them that groups of Rhododendron Pink Pearl would be an instant minus on my judging system, along with almost anything which looked like tattered black grass.

These outdoor show gardens are the jumble of colours missed the tones of Sissinghurst itself and the result, in broad daylight, was a travesty. As a show garden, this expensive experiment may have had a certain merit, but it was not born from the example which it invoked. Some things simply do not transplant to flower shows; I need hardly add that the RHS judges rounded off the performance by giving it a Gold Medal and the Award for the Best Garden at the show.

the outdoor designers how to arrange plants and colours.

Cartier had teamed up with Harry and Queen to present what they described as the "spirit of Sissinghurst". Fascinatingly, that great garden's style had not even breached a hint of its magic in its direction. Little plants of the ever-green choisya had been jammed together in the park's style of today's chopped bark planting.

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Motoring's codpieces and virility symbols have never done much for me. You know the kind of thing. Plastic airdams like small snowploughs, drooping vulnerably below the front bumper. Side skirts under the door sills, reducing the gap between body and road. Aerodynamic spoilers the size of coffee tables at the back end. And, of course, the obligatory ultra-low profile tyres, twice as wide or more in cross-section as they are deep.

Racing saloon cars need these ugly aids to minimise aerodynamic drag and exert downward pressure for increased cornering grip. But why have them on road-going cars?

Mainly to massage egos, unless you intend driving at speeds that could put you behind bars in any country except Germany, where parts of the autobahn are still de-

restricted.

A really gigantic rear spoiler has now and again proved useful to me for standing plates of food out at point-to-point meetings. And I have

Motoring / Stuart Marshall

A go-faster car for grown-ups

found that small airflow modifiers high at the back of square-ended estate cars can reduce the amount of road filth sucked up behind on wet motorways.

But for the most part, these exhibitionistic add-ons have as little practical value as bull bars on tarmac-bound four-wheel drives, although – unlike bull bars – they do not put other people's lives in danger.

You will have deduced my lack of enthusiasm for go-faster versions of normal production cars. For me, leaping away from traffic lights and cornering outrageously quickly is irrelevant and distasteful.

I dislike loss of refinement from power-boosted engines; resent having to put up with the harder ride from firmed-up suspension; and find

road roar made by ultra-low profile tyres disturbs my radio listening. When I sample various versions of a new model, I confess it is often the cheapest, least powerful and narrowest tyred one that appeals most.

So, when Mercedes-Benz UK asked me to try its E36 saloon, a lowered and more muscular development of the E-Class (a car I truly covet) my feelings were mixed.

It would, of course, be interesting – but would it be enjoyable? I need not have worried: this was a go-faster car for grown-ups. Its aerodynamic aids were so discreet that, larger diameter wheels and ultra-wide tyres apart, it did not look all that much different from a standard E-Class.

The body colour was half way

between aubergine and the dark red wines of Cahors. It had automatic transmission, soft leather seats and air conditioning. Everything – even the steering wheel adjustment – was power operated and the boot easily swallowed two sets of golf clubs in trolleys.

An E36 costs, give or take a pound or two, £54,000, on top of which you still have to buy your own radio. That makes an E36 about £15,000 dearer than an off-the-peg, air-conditioned, E320.

The AMG tuning company, which is producing two or three right-hand-drive E36s for Mercedes-Benz UK each week, enlarges the straight-six engine from 3.2 litres to 3.6 litres. Output goes up from 230 to 272 horsepower and torque (pulling power) by nearly 20 per cent.

Mercedes-Benz UK says 100km/

82mph can be reached from a standing start in 6.7 seconds and that the top speed (limited electronically) is 250km/165mph. I believe it.

Much more to the point, take off is silk-smooth as it is swift. And overtaking is instant, with the speedometer needle moving disconcertingly quickly into licence-losing territory.

On German-standard surfaces, the ride is miraculously good, considering that the alloy wheel rims are separated from the road by only 2in (5cm) of expensive Dunlop 40 series rubber.

Steering response is sharp, though not nervously so. While I had the car the roads were dry. Power-boosted engines, ultra-wide tyres and heavy downpours can be an unhappy combination, but the

E36 has a sophisticated traction control system to keep wheelspin at bay.

Fuel consumption can be surprisingly moderate. Without pussy-footing, I covered more than 400 miles (645km) before re-filling the tank, representing 26mpg (10.86l/100km).

A normal E320 is no slouch. It has a 0-100km/h of 6.2mph in 7.5 seconds and a maximum of 222km/h/144mph. So who needs to pay

another £15,000 for more performance from what is already a seriously fast car?

I once put this question to Burkhard Bovensiepen, presiding genius of Alpina, which does the sort of things to BMW cars that AMG does to Mercedes-Benz. He pondered for a few seconds and replied: the appetite grows with the eating.

There is, I suppose, no answer to that.



The Mercedes-Benz E36: who needs the extra power?



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SPORT

Sailing

Lured out of retirement to break a record

Keith Wheatley asks Tracey Edwards about her return on deck

Boats do not come much bigger or tougher than Enza. Sailors are seldom as small and dogged as Tracey Edwards.

An attempt to beat the round-the-world record in the catamaran has proved bait enough to lure the skipper out of lockdown retirement from a Welsh farm.

To an extent her inland purdah was self-imposed. Misfortune also played a role. Six years ago *Maiden*, Edwards' yacht, sailed up Southampton Water to a tumultuous reception.

Fifty thousand turned out to cheer home the first all-female crew to compete in the grueling Whitbread Round the World race.

Her cheerful, elfin features grinned out of newspapers and magazines. Edwards was wanted on every chat show. The "book of the voyage" topped the bestseller list. Yet there was a dark side to the sudden celebrity.

"There was an element of the media that wasn't interested in what we had achieved," recalled Edwards wryly. "Their agenda turned out to be my divorce and trying to find out if any of the crew would portray me as Captain Bligh."

Almost as soon as the yacht docked, she had married her pre-race fiancé. It was a mistake and they quickly parted. Edwards' house was sold to pay bills incurred during the eight-month race.

"I was emotionally and physically wiped out when the Whitbread finished," she said, managing to smile. "And although I had done the race for myself, not fame and fortune, it seemed odd to be such a celebrity and virtually penniless."

Edwards retreated to a small village near Swansea where she had spent her childhood and embarked on a plan to breed horses.

Within weeks a horse had kicked her in the base of the spine and she was in hospital for a series of operations. Then came six months on crutches and a relationship with physiotherapists and chiropractors

that continues to this day.

So why risk going back to sea, on a yacht so brutally powerful that it outpaces motorboats?

"I've surprised myself," she grinned. "I spent practically my whole 20s doing two Whitbread races [Edwards went to sea as cook in the 1985-6 Whitbread aboard Atlantic Privateer] and just thought there must be something else, and there is. But once I was fit enough to sail again I just got itchy feet and this came along."

Eighteen months ago Sir Robin Knox-Johnston and Sir Peter Blake,

Helming Enza at night is like driving in the rain at top speed, then turning off the lights and heading across a ploughed field

yachting's knights, collaborated to see if they could win the Jules Verne trophy, to be awarded for a non-stop circumnavigation in under 80 days. Enza was their chosen vehicle. At 30 metres long she became the fastest ocean-going sailing vessel ever built.

In the outward leg of the journey Enza had some of the most exciting sailing one can imagine. In the first 16 days after leaving Brest she averaged 403 miles a day, meaning, in practice, well over 20 knots for most of the time.

One said she could probably sort out her toddler for a quick 70-day trip. It was the child she was expecting that was the problem. But word has spread around the yachting grapevine and not a day passes without faxes from would-be crew.

Money still has to be raised. Enza delivered from Florida to Britain, and a thousand details finalised. Very little of this bothers a petite Welsh woman. Seven years ago she defied a million sceptics who said women lacked the skill or stamina to race around the world.

Sailors still need luck. Around Cape Horn, the fair weather for Enza ran out. She was hoisted in the middle of a storm for nearly two days. Blake described it as the worst seas he had seen in 500,000 miles and 20 years of ocean-racing.

"In the Drake Passage off Tierra del Fuego we had 60ft seas on the beam and all we could do was sit there and roll. It's not too good for record-breaking," he observed.

Blake also suffered serious internal injuries when he was thrown across the cabin when Enza dived into the back of a wave at 28 knots and came to an instant standstill.

Edwards said: "I know it doesn't sound too clever for someone with a bad back but the doctors say I'll be fine. And I can't tell you how exciting it is to sail on this thing." She has bought the multihull with the help of private backers and is now raising sponsorship for a record attempt early next year.

The current record is 74 days but Peter and Robin both said they believed they could have done it at least three days faster in the same boat if they hadn't had extreme bad luck with the weather coming back up through the Atlantic.

Once more the crew will be all-female. At least one *Maiden* alumna has signed on but others have

quit. "I phoned around my old crew and there are just so many babies around," said Edwards, now happily re-married to a computer specialist with no great interest in sailing.

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Main picture: Alister Porter: PA
Inset: Tracey Edwards

They stand there in the Place des Mousquetaires, frozen in life-like action, proud guardians of another age. Every year during the French Open I make my pilgrimage to that historic quarter of the Stade Roland Garros to pay my respects to four old friends.

Jean Borotra, the bounding Basque, his thumb down the back of the handle, is in the act of punching a winning backhand volley. Henri Cochet, the sliding genius with gossamer touch, is about to deliver one of his trademark drop shots; Jacques "Toto" Brugnon, doubles player extraordinaire, is hitting one of those teasing lit returns; and Monsieur le Crocodile, eyes sharply focused, is in the act of hitting his millionth passing shot. It will surely land on the line. They always did.

Only the crocodile lives on to contemplate the past. But René Lacoste, former champion and multi-millionaire businessman, is more concerned with the

Why I always salute the Musketeers

Tennis / John Barrett

welfare of the clothing company that bears his name than with worries about the welfare of the modern game.

When I spoke to him last year he was careful not to condemn today's muscular gladiators who grunt their way through matches, flailing away with ferocious topspin as if they hated the sight of the ball. "They would have made life very difficult for us", he said. "You see, we used to enjoy the battles of the mind as we tried to outmanoeuvre our opponents, but they like hitting quick winners. And it is very successful, *nest pas*."

But not as much fun to watch, he might have added. Lacoste was referring to the power problem that threatens to overwhelm the sport by

making it a one-dimensional slugfest that lacks the subtlety and beauty that once delighted spectators. Remember rallies?

Ironically, 30 years ago, Lacoste himself was the start of the problem. I well remember my surprise the first time I used one of those strange small-headed steel rackets that Lacoste had invented. The speed of the strings was astonishing and the thin frame moved through the air effortlessly.

It was not a pretty racket. Two thin steel tubes, welded together, formed the frame. A steel wire was wound around the head to serve as a means of attaching the strings. The racket always had a sort of home-made look. Sold under licence by Wilson of America

as the T2000, the strange looking weapon enjoyed a short period of popularity.

It also gained notoriety among professionals for being fiendishly difficult to use. If you hit the ball off centre, the torque would twist the frame sideways and deflect the ball from its intended path. In the hands of Jimmy Connors, who had grown up with it, the T2000 became Lethal Weapon One.

In 1974, in two of the shortest finals on record at Wimbledon and US Open, the 22-year-old American destroyed the ageing Australian Ken Rosewall for the loss of a miserly eight games. No one recognised the danger. Instead of restricting the manufacture of rackets to wood, the International Tennis

Federation was busy itself with another danger. At about that time some ingenious inventor had designed a stringing system that put tremendous spin on the ball. The double string "spaghetti" rackets, with two sets of heavily knotted strings, one each side of the frame, altered the nature of the game.

What should be done? In the 100-year history of tennis the Rules had never said anything about the racket. You could have played the game with a frying pan if you so wished. That was because a wooden frame had to be between 12 and 16 inches in weight and 27in long to be both wieldable and strong enough not to warp.

When in 1980 the ITF introduced a rule to outlaw the spaghetti racket, it did not see far enough ahead to realise how important it was to preserve wood.

Manufacturers, striving to find a sales advantage have since used space-age technology to develop light, wide-bodied 28in frames with large heads that are Lethal Weapon Four. None of the top men use them. The rackets are simply too powerful and lack control. But I have seen some of today's top juniors using them. It is a terrifying sight.

So who will take advantage of the new technology to win this year's French Open which begins in Paris next week? Thomas Muster, the 1985 men's winner, will be an overwhelming favourite to win again. He is the toughest clay court

player since Björn Borg and has won 17 tournaments in the last 18 months.

On the face of it, Muster has little to fear from the world No.1 Pete Sampras who lost his first match in Dusseldorf this week to Bohdan Ulbrach, the modestly ranked Czech. Two former French Open champions, Jim Courier and Sergi Bruguera, are also out of form.

Bruguera lost to Argentine youngster Herman Gumy in Rome and Bruguera fell in the first round to Kralicek and saw his ranking sink to 23. Boris Becker has withdrawn suffering from a leg injury and Andre Agassi has had so little match play that he must be in danger of losing early. Let us hope that one of the younger men - such as the Chilean

left-hander Marcelo Rios or Alberto Costa of Spain - takes his chance to establish a real presence.

The women's event looks equally shaky. The holder, Steffi Graf, lost to 15-year-old Martina Hingis in Rome two weeks ago and only just beat 54th ranked Karina Habludova last week in the Berlin final.

This week in Madrid Monica Seles had to save five match points against Barbara Schett of Austria. It was Seles's first match since February when she injured her left shoulder losing to Iva Majoli in Tokyo. Of the top women only Conchita Martinez of Spain, the winner in Rome, seemed to be in form. Then this week she lost unexpectedly to Linda Richterova in Madrid. Her compatriot, Amaia Sanchez Vicario, had lost in Rome to Irene Spîrlea of Romania. Perhaps Hingis will give us all a pleasant surprise by becoming the youngest ever champion.

The Musketeers would like that.

the Peak

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BOOKS

Slaughter in the name of peace

Anthony Storr on the history of the Taiping rebellion

Before reading this fascinating book, the little I knew about the Taiping rebellion was taken from two sources. The first was Lytton Strachey's essay on General Gordon in *Eminent Victorians*. Gordon, at the age of 50, was called in to command the "Ever Victorious Army" which finally put an end to the rebellion in 1864 and became known as "Chinese Gordon" thereafter. My other source was *Flashman and the Dragon*, George MacDonald Fraser's notes prove him to be accurate and well-informed.

The Taiping rebellion was initiated by Hong Xiuquan, who was born to a peasant family living in the country north of Canton. Having recurrently failed the Confucian state examinations which might have opened the way to a career in the civil service, Hong contracted a life-threatening illness accompanied by delirium and such disturbed behaviour that his family prevented him from leaving the house in case he ran amok.

Typhus fever can cause such symptoms, but there are many other possibilities. During this illness he had what he called a dream consisting of hallucinatory visions in which he went to war on behalf of his heavenly father, who told him that he must change his name to Hong Xiuquan. *Quan* means "completeness".

Hong concluded that it was his duty to judge the world,

protect the virtuous and slaughter the demons, a belief which was reinforced by his reading a set of nine tracts expounding Christian doctrine written by Liang Afai, a Chinese evangelist who worked for the London Missionary Society. Hong became convinced that he himself was the younger brother of Jesus.

Although Spence does not mention it, this story of a period of mental illness followed by a new revelation is typical of gurus, from Bhagwan Rajneesh to David Koresh. Armed with his grandiose delusions, Hong began to seek disciples. Although prophets appear to be dogmatically sure that they are right, they seem to need disciples to reinforce their beliefs, as if they were plagued by underlying doubts. In April 1844 Hong left home with three followers to begin his mission. Within a few months, he converted more than 100 people to his peculiar version of Christianity.

Taiping means "Great Peace", and was a millennial,

GOD'S CHINESE SON
by Jonathan Spence
HarperCollins £20, 400 pages

of such beliefs. The Taiping movement became ascetic and severe. Hong issued his own extended version of the Ten Commandments. Since the establishment of the Heavenly Kingdom was imminent, sexual indulgence was deemed unnecessary, except for Hong himself. Men and women were separated, and fearsome punishments were inflicted on transgressors. Smoking opium and theft were punished by a beating of a thousand blows or more.

Nanjing is within striking distance of Shanghai, which

was already home to a variety of western commercial interests. Naturally, disruption of profitable trading could not be allowed, and the Taiping attempt to take Shanghai in 1860 was foiled. The British and French demanded that the Taiping keep well clear of the city. A foreign mercenary force evolved into the Ever-Victorious Army, which was finally led by Captain Charles Gordon.

By 1860, the martial character of the movement became evident. Hong had started to slay the demons as a preliminary to ruling the world. The followers, who had already been making weapons in secret, began to buy gunpowder in bulk. In September 1861, the Taipings conquered their first city, Yongan, north-west of Canton. By the end of March 1853 the important city of Nanjing (Nanking) fell to them and became the Heavenly Capital of Hong, the Heavenly King. It remained the Taiping base for 11 years. Hong himself withdrew from active command, busying himself with rewriting the Christian scriptures. Naturally enough, one of his subsidiary "Kings", Yang Xiuqing, tried to supplant him. Disputes between rivals led to Yang's execution, and the annihilation of his family and followers. Hitler's purge of Ernst Rohm and his Storm-trooper lieutenants is a modern equivalent.

This is an enthralling piece of history, presented with both erudition and verve. I have only two criticisms. First, I found Spence's relentless use of the historical present rather tedious. Second, although he gives a detailed account of Hong's peculiar beliefs and rewriting of scripture, he treats him as an isolated figure. In fact, Hong's story closely resembles that of other millennial prophets, although it might be difficult to find another who was responsible for so much slaughter.

John Grisham is one of the towering twins of that American literary phenomenon of the past decade - the "legal thriller". *"The World's Most Popular Author"* declares the jacket of his new one, *The Runaway Jury*, and it cannot be denied that the worldwide sales of titles like *The Firm*, *The Pelican Brief*, *The Client*, and so on, beggar belief.

Let us try to ignore all this and settle down with *The Runaway Jury* without prejudice, attempting to pretend that Grisham is new to us. What do we find?

He has the best-seller writer's gift of picking on intensely topical subjects, as witness here the most recent developments in the long courtroom struggle between the giant American tobacco companies and the lobbyists who accuse them of knowingly causing addition and cancer.

The scene is set in Biloxi, on the Gulf coast of Mississippi, where a widow is to sue for the death of her husband, a 30-year three-pack-a-day man. The "Big Four" companies, operating together in a secret and massively-funded alliance called "The Group", have never lost a case. But, as the plaintiff's lawyer knows, "Win the first one, then sit back and wait for the stampede...": no

legal product in the history of the world, every character tells us, has killed as many people as the cigarette.

So Grisham, with his usual heavy reliance on his own professional background, assembles his cast: teams of lawyers, jury consultants (whose dramatically un-British role we have recently been watching on BBC's *Murder One*), handwriting experts, financial analysts, medical researchers, and various hoods and villains. But most of the important action takes place in the jury room or in the hotel in which the jurors are sequestered. Grisham's theme is the manipulation - the sale - of a jury verdict, in which the tab will come to \$10m.

No-one can really think that Grisham is a great writer (Scott Turow deserves a higher reputation in the genre). Beneath the careful mustering and mastering of surface detail and beyond the ingenuity of the plot, there is little of interest. Most of the important characters - who ought to be the jury men and women - remain cyphers, because Grisham does not have the novelist's skill required to create a group of interacting individuals whose various humanity is convincing and memorable.

The film and now the play of *Twelve Angry Men* might provide a comment. As for the style - this book has as much to do with good writing as Burger King has to do with fine cuisine. Still, still! - *The Runaway Jury* is an easy page-turner for the plane or the beach. You will probably enjoy it more if you are a non-smoker.

because all the players are corrupt. You're corrupt. Your clients are corrupt. My partner and I are corrupt. Corrupt but smart...

In the end we discover why Easter and Marge are committed - which comes as no surprise - and they are seen to redeem their dirty deeds by giving back the \$10m. Hm.

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J.D.F. Jones

The Maxwell faction

Among the many remarkable aspects of the late Robert Maxwell was his accent. He was the quintessential man from anywhere - or nowhere. That deep grumbling burr might have been that of a retired brigadier, or perhaps a wine merchant instead it was the perfectly assimilated tones of a Ruthenian Jew.

Maxwell is the subject of Jeffrey Archer's new novel *The Fourth Estate*, where he appears, thinly (for once) disguised as Dick Armstrong, a ruthless media tycoon in deadly rivalry with an equally unprincipled Australian newspaper mogul, Keith Townshend, a character not half an inch away from Rupert Murdoch. Although the very much alive Murdoch is the obvious hero over the litigious, but dead, Maxwell, what is most striking about this ponderous roman à clef are the similarities between Maxwell and Archer.

Both are remarkably insubstantial figures, socially prominent but with no apparent inner life. Archer writes as Maxwell spoke, in a robot-like mechanical word-speak, bereft of imaginative frills, employing a small vocabulary, totally without humour apart from well signalled, heavily promoted, ironies. Like Maxwell-speak, Archer writes gives the impression that it has been put together by an amazingly clever but totally programmed Martian. When computers write all the novels, *The*

Fourth Estate will be regarded as a seminal work.

If Jeffrey Archer has any attractive qualities, and he must be allowed at least one, it is a disarming naivety. Apparently he believes that he is the first person to write a novel which is just warmed-over history. Every plot development marks another batch of yellowing press cuttings.

Unfortunately this is a most superficial digest of the careers of Maxwell/Armstrong and Murdoch/Townshend, picking on the events that even the most casual reader of newspapers would have absorbed - Maxwell's bravery in the war; his rudeness to subordinates; Murdoch's flirtation with labour politics at Oxford; his media ambitions in the US.

There is no probing beneath the accepted histories; no interesting new insights; no imaginative embroidery of the facts. This is a *Reader's Digest* run-down of press history which attempts to pretend that the rivalry between the Maxwell-owned Daily Mirror and the Murdoch-owned Sun was the most exciting media event of the last generation.

As with most famous men, the childhoods of both Maxwell and Murdoch were interesting, particularly that of Maxwell, who bravely escaped the Holdcaust and through sheer force

of will created his own history. For the first 100 or so pages there is a *Boy's Own* element to the plot which keeps you turning the pages. It then gets bogged down in the mechanics of takeovers among the Australian regional press, which must have limited appeal, and then a repeat scenario - this time involving the New York newspaper cuttings.

What is remarkable is what Archer leaves out. No mention of Maxwell/Armstrong the MP (but that Archer's own parliamentary career ended in disaster), nor of the Maxwell sons; more surprisingly, no coverage of Murdoch's outstanding success in developing new media, BSkyB and all that. In Archer's gloss, Maxwell and Murdoch were little more than old-fashioned newspaper proprietors. This is the media viewed through its balance sheets, ignoring the exciting world of scope and scandals.

What makes *The Fourth Estate* a particular ordeal is the lack of any depth to the two protagonists. They are money-making machines, their personal lives barely sketched, their paths hardly crossing: Archer seems curiously reluctant to enter the boudoir. The UK's most popular novelist has concocted a bloodless, cut-and-paste, unadventurous travail of the archives that turns the lives of two of the most awkward, irritating, unconventional men of the century into filleted, formulaic, fiction.

Antony Thorncroft

Political overtones

In *Kitchen Venom*, Philip Hensher's impressively stylish second novel, that Jacobean drama of 1993, the deposition of Margaret Thatcher, is relegated to subtext.

Centre stage, politics are banal and contextless. The form of discourse engaged in is a parody of the high style of the House of Commons clerks, those court jesters who record the day's business and show disdain for their masters: "Are there any intelligent Members?" someone asks. "About four," is the answer.

The machine of history rolls on in the corner of the frame while the clerks bury their wives, dabble in recreational sex with rent boys, quiz each other on Trollope's novels, all the time talking in measures as tortuously labyrinthine as the catacombs of Westminster Palace itself.

There is the virgin Henry, fat gay Louis, burchback John and his idle, bohemian daughter Jane, who all drink from the same well of grief and loneliness. Their emotional experience is so generic that it is how they hide it which makes them distinguishable, evoking Oscar Wilde's dictum that only superficial people neglect surfaces.

So I return to this book, this litany of misery and hardship and endurance, for solace. I'm still unable to read it without feeling both nostalgia and pain for the unfulfilled promise of the world I was born into. I used to think this was just longing for the time when my life was all expectation and no disappointment: now it seems little more than a neurotic fixation.

Their lives are tailored around that singular act of violence. Kate has changed her name to Cate and edits a style magazine in London. Helen is a Belfast solicitor who works on terrorist cases. Sally teaches in the same Catholic school they attended as children. Relationships are do have a symbiotic relationship: it is at the moment when the prime minister is being undone by her closest allies, that a clerk finally gives way to the murder of his mother, Emily. Kate is pregnant with no partner, because "No matter how much she loved someone, she would inevitably find herself lying awake in the middle of the night, unable to avoid the thought that something was missing."

The flaw in an otherwise tender and sensitive novel is the way the past is so much highlighted that politics eclipse what might have been a dramatic engagement between these four women. Moreover, Madden tells us too much of what we already know. The politics of Northern Ireland are so familiar it is a mistaken assumption that the Troubles will automatically get the reader's sympathy - particularly since her perspective of the Troubles is a straight, third-hand account which offers no new wisdom.

Russell Cely Jones

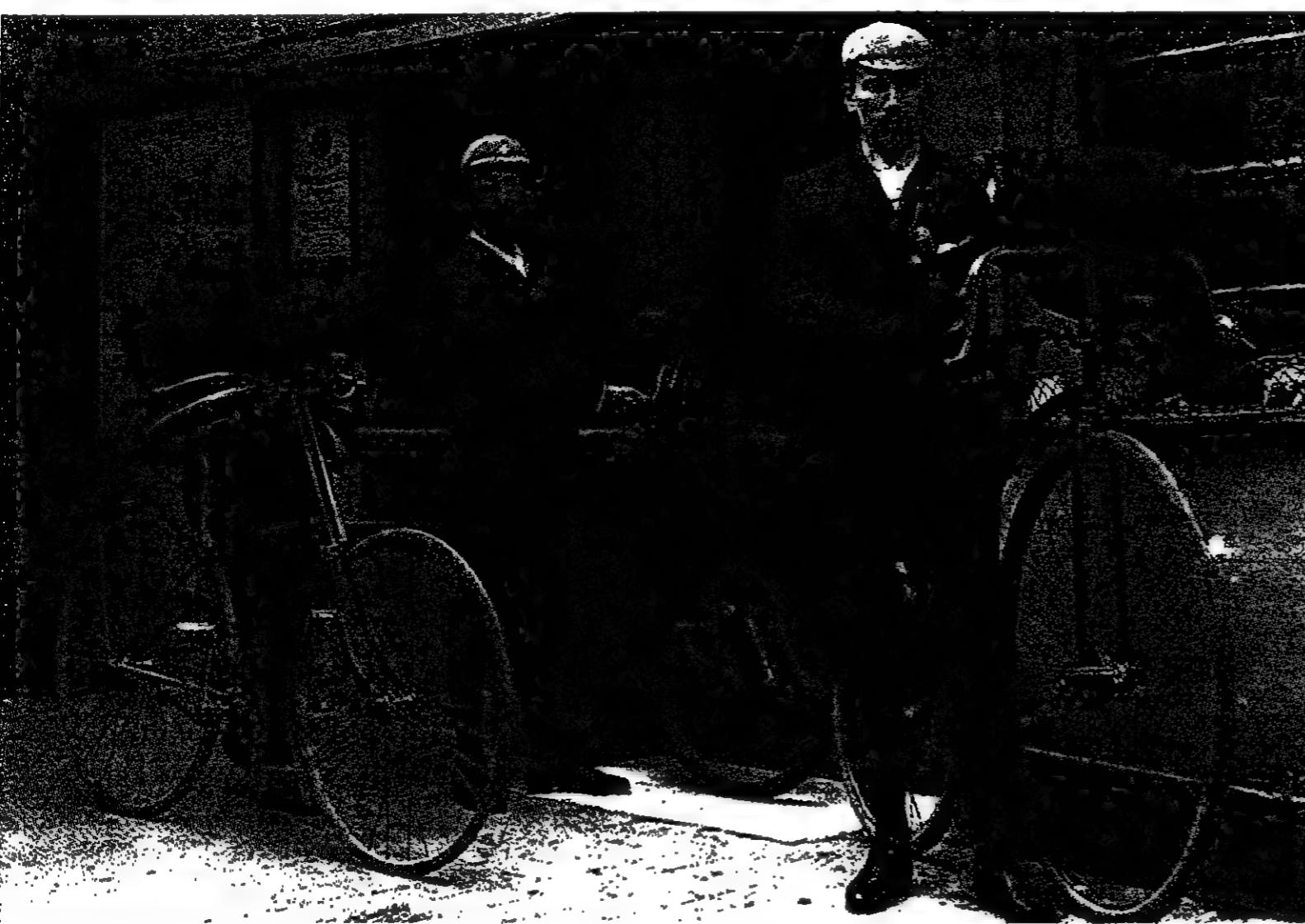
KITCHEN VENOM
by Philip Hensher
Hamish Hamilton £16, 260 pages

ONE BY ONE IN THE DARKNESS
by Deirdre Madden
Faber and Faber £14, 181 pages

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Rereadings/Richard Eyre

Memories of war



A good reader, an active & creative reader is a reader
Richard Eyre

I know there are people who read and reread novels with the regularity of the passing of the seasons; I married one, but even her hunger for *Pride and Prejudice* may have been assuaged by producing a TV series of the novel. There are no novels which I consume with such bulimic appetite, not even my *Desert Island Dickens*, *Our Mutual Friend*. The only book I return to consistently (and obsessively) is a book of social history: *The People's War* by Angus Calder.

It was published in 1965, and I bought it at Singapore Airport, when I was travelling in South East Asia. As I travelled through Vietnam, where the American presence sat on the country like Goya's colossus of Chaos, and through Cambodia, which had yet to learn the benefits of receiving the protection of the US, I was learning through *The People's War* about a far-away country of which I knew little: my own.

For me the title alone was an allure and a provocation: alluring if you had grown up reading little else but POW escape stories and spy sagas, and provocative if your education has been ballasted by the proprietary memoirs of generals, whose war was emphatically in the first person.

I was born during the war. To talk of "the war" nowadays is to define oneself as a child of

said, with "cattish displays of feline malice"; and of Monty, "the people's general", who believed that "his soldiers were human beings and their lives were precious". And of Churchill, petulant after being defeated in a minor debate on equal pay for women: "You have knocked me off my perch. Now you have got to put me back on my perch. Otherwise I won't sing", and stoical after his election defeat: "Lord Moran spoke to him of the ingratitude of the people.

Churchill's reply revealed that generosity of imagination that was always the strength of his weakness. "Oh no," he answered at once, "I wouldn't call it that. They have had a very hard time."

But for all the anecdote of the leading players, it is the people, through the medium of diaries and the Mass Observation surveys, whose story Calder tells. He describes their endurance and patience, and their cowardice, complaints and selfishness as

much as their heroism and humanity. He writes of conscription, austerity, the blitz, the Tube, the sewers, the blackout, the factories, the mines, the civil services and peoples with air raid warden, housewives, Home Guardsman, landladies, pacifists, soldiers, sailors, airmen and women and William Beveridge in a story which, with its dynamics and its hint of a happy ending, reads like a compellingly elegant family chronicle. It is a family in which, as Orwell said, there are "rich relations who have to be kowtowed to and poor relations who are horribly sat upon, and there is a deep conspiracy of silence about the source of the family income. It is a family in which the young are generally thwarted and most of the power is in the hands of irresponsible uncles and bedridden aunts. Still, it is a family. It has its private language and its common memories, and at the approach of an enemy it closes its ranks."

In Angus Calder's family tale I discovered a way of looking at my own country: that changed my thinking as much as any book I have read. "After 1945 it was for a long time fashionable to talk as if something like a revolution had occurred. But at this distance, we can see clearly enough that the effect of the war was not to sweep society on to a new course, but to hasten its progress along an old one."

I found a book which could, to paraphrase Auden, teach the unhappy Present to recite the Past, and, to quote Auden, "remind the management of

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SUMMER ARTS FESTIVAL GUIDE

Sharing the adventure of a strong vision

In the programme-book for this year's Salzburg Easter festival, Claudio Abbado recalled that he had recently seen a poster advertising festival-free holidays. "I found that refreshing," he said.

Are there too many festivals? The choice gets wider every summer, but not necessarily richer. The reason d'etre has changed. In the interwar and postwar eras, festivals gave artists the opportunity to do something different. There was spontaneity and innovation in the combination of artists, in interpretive spirit and the choice of works. Above all, festivals were artist-driven. Think of Salzburg before the war, Edinburgh in its early years, Aix-en-Provence in the 1960s.

Since then, the word "festival" has been devolved as more and more towns seize on culture as an

adjunct to tourism. Many festivals are little more than a commercial and marketing tool. Local input is secondary, the programme often relying on artists doing the circuit.

The best-known festivals – Bayreuth, Bregenz, Edinburgh, Lucerne, Salzburg, Santa Fe – have developed a momentum of their own, partly because they have been in existence for 40 years or more. Some notable youngsters, such as the Rossini festival at Pesaro or the Glimmerglass opera festival in upstate New York, have thrived on a mixture of niche programming and pleasant surroundings. Others, such as Aldeburgh, Schleswig-Holstein, Spoleto and the Menuhin festival at Gstaad, are trying, with mixed success, to forge an identity beyond that of their founders.

If you are looking for restorative refreshment rather than a passive way to end a day on the tourist

trail, it is worth casting a critical eye down the festival menu. The most stimulating programmes are usually those devised by directors with a strong artistic vision, building on the personality of the community in which they operate. Cheltenham in England, Kuhmo in Finland and Verbier in Switzerland are typical.

In his second season at Cheltenham, the British composer, Michael Berkeley, has chosen a Russian theme in which masters rub shoulders with their mentors and neglected contemporaries. As last year, Berkeley has asked each of his guest artists to bring a work by a living composer. There will be a new music-theatre piece by John Woolrich, with a libretto by Marina Warner, and the talents of the brilliant young pianist-composer, Thomas Adès, can be admired in a chamber music series. Berkeley

says too many festivals get by on a *These You Have Loved* programme. "My aim is to win the audience's trust and take them on a journey of adventure – 'Lend me your ears and you may discover things that are fresh'." It would be easy to put on nothing but the Mozart *Requiem*, and we'd probably do very well, but it would be a complete denial of what music-making is about."

Berkeley sees subtlety advantages in Cheltenham as a festival venue: the town is not spoilt for choice during the season, but it has a thriving music society and a beautiful Matcham theatre. "My idea of a festival programme is one where you desperately want to go to every event. There has to be some imprint that makes it individual. In our case, it's not just contemporary music, but a particular kind – composers who are neither 1960s serial-

ists nor minimalists, but they're interesting and innovative, and they're not to be stood up for."

At Kuhmo, surrounded by lakes and forests near the Arctic Circle, the Finnish cellist, Seppo Kimanen, has been bringing together leading instrumentalists each summer since 1970. Although Kuhmo focuses on chamber music, it is not a rarefied gathering for connoisseurs. The programme – ranging this year from Haydn to Gorecki – is designed to meet all tastes. The magic of Kuhmo is the beauty and silence of nature. In such a setting, artists and audiences start to hear music differently.

Kimanen's idea is that musicians should break their routine and strike sparks off colleagues whom they may never have previously met. This year's line-up includes Natalia Gutman, the Lindsay and Vellinger Quartets, and a wide

range of excellent Finnish musicians. The concerts – up to five a day – are informal, with sauna parties afterwards. "We have 15 days of continuous music drama," says Kimanen, "with themes worked out like a symphony. The programme starts from the music, and that's the only thing the artists are not free to decide – otherwise they would choose their party-pieces. When it works, it's something you'll never hear at Salzburg."

Verbler, better known as an Alpine ski resort, is a relative festival newcomer. It is the brainchild of Martin Engstrom, a Swedish artist's agent based in Switzerland, who put together his first programme three years ago. His idea was to create a holiday setting for high-powered artists and their families, where they could enjoy breathtaking views, give concerts in ad hoc chamber music forma-

Andrew Clark

AIX-EN-PROVENCE

July 12 - 30
Service Location, Palais de l'Ancien Archevêché, 13100 Aix-en-Provence, France. Tel 4217 3409 Fax 4296 1261.

Aix is in limbo. Louis Erlo, artistic director since the early 1980s, is about to depart, and his successor, Stéphane Lissner, does not take over until 1998 – when an injection of funds and ideas is expected. The programme may be limited, but Aix still has something to offer. After his Handel at Glyndebourne, period specialist William Christie tackles the same composer's *Semele*, with a cast including Rosemary Joshua and Paul Groves. The other new staging is *Entführung, Christe*. Jeffrey Tate and Myung-Whun Chung head the concert programme. Aix's biggest attraction remains the food and *provençal* air.

ALDEBURGH

June 7 - 23
Aldeburgh Festival Box Office, High Street, Aldeburgh, Suffolk IP18 5AX, UK. Tel 01728 483543 Fax 01728 452715.

Hans Werner Henze's association with Britten, Pears and Aldeburgh stretches back 40 years, so it is fitting that the festival should play a prominent part in his 70th birthday celebrations. The BBC Symphony Orchestra gives the UK premiere of *Appassionamento*, and Henze's chamber music is well represented. The links between Henze, Britten and W.H. Auden are also explored, and there are recitals by Jane Manning, Tasmin Little, Imogen Cooper, Alicia de Larrocha and Ian Bostridge.

AMSTERDAM

May 31 - June 30
Netherlands Reservations Centre, PO Box 404, 2200 AK Leidschendam, Netherlands. Tel 70-330 3500 Fax 70-339 2511.

The Holland Festival is the most important meeting-point of opera, music, theatre and dance in the Netherlands. The 1996 programme is dominated by William Forsythe and Pierre Boulez. Forsythe is represented by four choreographies, and Boulez by *Pli selon pli*, *Rituel* and all his works for piano. There is also a "parade" of ensembles internationally renowned for their performances of new music. The opera programme includes new works by Tan Dun and Klaus



Spring-heeled: The Martha Graham Dance Company will give its presentation of Aaron Copland's *Appalachian Spring* at the Edinburgh Festival

Photo: Lois Greenfield

de Vries, plus Klaus Michael Grüber's Netherlands Opera staging of Verdi's *Otello*.

ANTIBES
July 18 - 26
Festival International de Jazz Antibes Juan-les-Pins, Maison du Tourisme, Antibes, France. Tel 9333 5864. France's big jazz bash. a stone's throw from Cannes and Nice, is centred on La Plinée, an outdoor arena sitting 4,000 people. For this year's opening, the festival flirts with rock music in the shape of a big band led by Phil Collins. Other highlights include Little Richard, B.B. King, Keith Jarrett, Chick Corea, Benny Carter, the Renegades Steel Orchestra and Celia Cruz.

ATLANTA

July 10 - August 4
Cultural Olympiad, Atlanta, USA. Tel 404-224 1250.

Atlanta has organised an arts festival to celebrate its hosting of the 1996 Olympic Games with performances by James Brown, Jessie Norman, the Royal National Theatre from London, Alvin Alley American Dance Theater and Netherlands Dance Theatre. Wynton Marsalis hosts a Olympic Jazz Summit.

AVIGNON

July 9 - August 3
Bureau du Festival, BP 492, 841073 Avignon, France. Tel 9083 6708.

Avignon is France's main theatre festival, but its increasing popularity has encouraged it to embrace dance and music. This year's highlights include Aimé Césaire's *La Tragédie du Roi Christophe* directed by Jacques Niset, the Bill T. Jones and Arnie Zane Dance Company, and music by Boulez, Dutilleux and Ligeti.

BAD KISSINGEN

June 20 - July 14
Küssinger Sommer, Postfach 2260, D-97672 Bad Kissingen, Germany. Tel 971-607110 Fax 971-607191.

Bad Kissingen, in north Bavaria, is an ideal holiday base for exploring an area rich in history, architecture and picturesquely countryside. The town itself is a former royal spa. The 19th century Regentenbau incorporates four elegant concert halls, and there is a *fin-de-siècle* theatre. The programme, evenly divided between orchestral concerts and recitals, features the Bavarian Radio Symphony Orchestra, the St Petersburg Philharmonic, Yehudi Menuhin, Mikhail Petrenko, Wolfgang Holzmair and Andras Schiff.

BAUDNAU

June 23 - July 28
Bureau du Festival, Office du Tourisme, 21280 Beanne, France. Tel 8026 2130 Fax 8026 2139.

Beanne is earning a reputation for its high-powered programme of baroque music, spread across five weekends in the open-air setting of the Cour des Hospices. There are three Handel operas this year, including *Ariodante* and *Galatea* conducted by William Christie. Lully's opera of the same name will be performed by Marc Minkowski's period ensemble, Les Musiciens du Louvre.

BIRMINGHAM

July 5 - 14
Birmingham International Jazz Festival, Birmingham, UK. Tel 0121-454 7020.

Birmingham hosts an international jazz event with 200 performances at 50 venues. This year's guests include Marty Grosz, Tommy Saunders, Harold Ousley, Ulf Wakenius, Vanessa Rubens and the Art Porter Quartet.

BAYREUTH

July 25 - August 26
Kartenbüro der Bayreuther Festspiele, Postfach 100262, D-9540 Bayreuth, Germany. Tel 921-75760.

There is little to whet the appetite at Bayreuth this summer. Wolfgang Wagner – who seems to have less and less to say about his grandfather's work as he grows older – stages a new *Messiah* with Robert Holl as Simeon and Renée Fleming as Eva. All the other productions are revivals. Poul Elming sings the title role in *Parisiol*, and John Tomlinson is *Wotan* in *The Ring*. Siegfried Jerusalem and Waltraud

BERGEN

July 5 - 14
Kartenbüro der Bregenzer Festspiele, Postfach 311, A-6901 Bregenz, Austria. Tel 5574-492 0223 Fax 5574-492 0224.

Bregenz draws huge crowds for its outdoor opera performances at the Austrian end of Lake Constance. The Ponte-Lazaridis production of *Fidelio*, which received mixed reviews last year, returns on the floating stage. This summer's main attraction is an indoor production of *Chausson's* rarely staged *Le Roi Arthur*.

CHELTENHAM

July 6 - 21
Booking Office, Town Hall, Imperial Square, Cheltenham, Glos GL50 1QA, UK. Tel 01242-573902.

For his second festival, Michael Berkeley has put together another fascinating mix of old and new, familiar and unfamiliar. There is a Russian emphasis, with all three Rachmaninov symphonies and a sprinkling of music by Gubaidulina, Lourié, Stanchinsky, Stravinsky, Borodin and Shnitke. Richard Rodney Bennett celebrates his 60th birthday with a cabaret show, and the recital programme is headed by Imogen Cooper and the Borodin Quartet. There are new works by John Woolrich and Simon Bainbridge, plus Stockhausen's *Stimmung*.

COPENHAGEN

July 5 - 14
Copenhagen Jazz Festival, Tel 3830 1313.

The festival embraces 450 concerts by Danish and international jazz musicians, running all day in clubs and cafés in and around Copenhagen. Heading the bill are Michael Petrucci, Ray Charles, Wayne Shorter and the Horace Silver Septet.

DROTTNINGHOLM

June 1 - September 14
Drottningholms Slottsteater, Box 27050, S-10251 Stockholm, Sweden. Tel 8-660 8225 Fax 8-665 1473.

Thanks to its peaceful surroundings and preserved 18th century court theatre, Drottningholm offers a unique experience. This is Elisabeth Söderström's final season as artistic director. She has chosen a Per-golesi double bill, Gluck's *Orphée*, a programme of Swedish ballets from the Gustavian era, and a revival of last year's acclaimed production of Phyllidor's comic opera *Tom Jones*.

EDINBURGH

August 11 - 31
Edinburgh International Festival Box Office, 21 Market Street, Edinburgh EH1 1BW, UK. Tel 0131-225 5756 Fax 0131-226 7659.

The Edinburgh Festival reaches its 50th anniversary this year on a high, and the programme reflects the serious quality introduced by director Brian MacMaster. Typical of the "must see" offerings are two operas by Gluck directed by two of the world's leading creators of

national jazz musicians, running all day in clubs and cafés in and around Copenhagen. Heading the bill are Michael Petrucci, Ray Charles, Wayne Shorter and the Horace Silver Septet.

FESTIVALSTADT

June 5 - 15
Festivalsbüro, Schloss Esterhazy, A-8000 Eisenstadt, Austria. Tel 2682-618660 Fax 2682-61805.

This festival celebrates Haydn in the palace where he once lived. The 1996 programme offers a rare chance to see *Philemon und Baucis* performed with actors and mariolettes. Trevor Pinnock conducts with the Berliner Philharmoniker.

HELSINKI

August 21 - September 12
Helsingfors Festivals och evenemang, Tel 09-176 1152.

This is a week-long festival of choral music, chamber music, operas, cabaret and jazz. The programme includes the

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SUMMER ARTS FESTIVAL GUIDE

GLIMMERGLASS
July 5 - August 26
Glimmerglass Opera Festival,
Box 191, Cooperstown, NY
13326, USA. Tel 607-547 5704
Fax 607-547 6030.

Upstate New York is the setting for one of the most alluring festivals in the US. Performances are given in a 500-seat theatre, surrounded by lawns, shady trees, a lake and plentiful picnic facilities. Glimmerglass has a four-opera season, with weekend packages to attract New Yorkers. American singers predominate, but operas are sung in the original language with subtitles. The 1996 programme includes Simon Callow's new staging of Cavalli's *La Calisto* and a revival of Jack Beeson's *L'Elise Borden*, plus *Don Pasquale* and *La fina giardiniera*.

GLYNDEBOURNE
May 17 - August 25
Glyndebourne Festival Opera
Box Office, P O Box 2624,
Lewes, East Sussex BN8 5UW,
England. Tel 01273-813813 Fax
01273-814686.

The real connoisseur's piece this summer is *Lulu*; it will be fascinating to see what Graham Vick makes of it. Vick's other productions are *Armida* and *Eugene Onegin*, both well-received in previous seasons. The festival opened last week with the Peter Sellars version of Handel's *Theodora* (conducted by William Christie) and Trevor Nunn's shipboard setting of *Cosi fan tutte*. John Cox's classic production of *Arabella* completes the bill.

GRANADA
June 21 - July 7
Festival International de
Granada, Corral del Carbon,
calle Mariana Pineda, 18009
Granada, Spain. Tel 95-221844
Fax 95-220691.

Granada's courtyards, gardens and churches make for a strong festival setting, supported this year by an equally strong programme - a retrospective of Manuel de Falla, who died 50 years ago. There are productions of *Atalanta*, *Master Peter's Puppet Show* and *El amor brujo*, performances of Falla's choral and instrumental works, and a recital by Victoria de los Angeles. Most of the other concerts represent music which Falla studied or loved - from Byzantine chant to Beethoven.

GRAZ
June 23 - July 14
Styriarte-Kartenbiuro, Palais
Athenaeum, Sackstrasse 17, A-8010
Graz, Austria. Tel 318-8128
4122 Fax 316-877 3886.

With its strong middle-European atmosphere and magnificent Stefanescu concert hall, the Austrian town of Graz makes a picturesque setting for a music festival devoted to the baroque and classical eras. The driving force is Nikolaus Harnoncourt, who conducts the Chamber Orchestra of Europe in a concert performance of Schumann's *Genoveva*. Guest artists include Wolfgang Holzmair, Jordi Savall's *Hesperion XX* and the Tallis Scholars.

GSTAAD
July 19 - September 7
Musiksommer Gstaad Saanenland,
Chalet Rialto, Postfach
334, CH-3780 Gstaad, Switzerland.
Tel 30-48365 Fax 30-48171.

The Mennin festival has been going for 40 years - and Mennin himself is 80. The appointment of Gidon Kremer as artistic director from next year may help the festival get back to its roots. It began with an intimate series of chamber music recitals in local churches, but the arrival of tenor-an-orchestra concerts in a tent has smothered its identity. This year's visitors include Thomas Allen, the Vienna Chamber Orchestra and the Moscow Soloists under Yuri Bashmet. Mennin himself conducts works by Lehár and Beethoven.

HELSINKI
August 21 - September 1
Heksti Festival, Rautatientori,
Finland. Tel 0-1510 Helsinki, Finland.
Tel 0-1510 4532 Fax 0-1510
1578.

This is an intensive two-week festival of all the arts,

attracting a broad spectrum of performers from Finland and abroad. Under the artistic direction of Esa-Pekka Salonen, the programme embraces classical and contemporary music, dance, theatre, films, rock, jazz and poetry.

INNSBRUCK
August 15 - 31
Innsbruck-Information, Burggraben 3, A-6020 Innsbruck,
Austria. Tel 512-535631 Fax
512-535642.

This has developed into one of the leading baroque and early music festivals, with period instrument experts performing in a variety of handsome castles and churches. The 1996 programme is headed by a staging of Cesti's little-known *L'Argiole*, composed in 1655 for Queen Christina of Sweden on the occasion of her visit to Innsbruck. René Jacobs conducts, Jean-Louis Martin produces.

KUHMO
July 14 - 28
Kuhmo Chamber Music Festival,
Torikatu 39, 88900 Kuhmo, Finland. Tel 66-652
0936 Fax 66-652 1961.

This is one of those exceptional festivals where setting and artistic climate combine to create an experience few visitors are likely to forget. There is music from dawn to dusk, and some marathon events continue into the small hours. This year's programme explores the interplay between Mozart and Haydn on one hand, and Brahms and Schumann on the other - plus new Danish and Polish music.

LINZ
September 7 - 30
Brucknerhaus-Kasse, Untere
Donaustraße 7, Postfach 57,
A-4010 Linz, Austria. Tel
732-775230 Fax 732-761 2201.

This late summer festival is built around the music of Bruckner, set against the countryside which the composer knew and loved best. The most fascinating concert this year will be Pierre Boulez's performance of the Eighth Symphony with the Vienna Philharmonic. The rest of the programme is in the hands of established Brucknerians, such as Sawallisch, Masur and Sanderling. The festival ends with a concert performance of Wagner's *Parsifal* conducted by Franz Welser-Möst.

LONDON
City of London Festival
June 25 - July 14
Box Office, Barbican Centre,
Silk Street, London EC2Y 8DS,
UK. Tel 0171-638 8891.

Three weeks of concerts offer a chance to discover the magnificent churches, ivy halls and open spaces of London's Square Mile. The festival opens with Smetana's *Má Vlast* on period instruments, conducted by Roger Norrington. Other highlights include Delius's *A Mass of Life*, conducted by Richard Hickox, recitals by Viktoria Mullova, Maria João Pires and the Brodsky Quartet, and a chamber music series devised by the cellist, Steven Isserlin.

BBC Proms
July 19 - September 14
BBC Proms Ticket Shop, Royal
Albert Hall, London SW7 2AP,
UK. Tel 0171-589 6212 Fax
0171-584 1406.

Arguably the biggest and best of the world's music festivals. The pick of this year's Proms - the first to be directed by BBC Radio 3 Controller Nicholas Kenyon - are concert performances of *Don Carlos* (Bernard Haitink), *Semele* (William Christie) and *Lulu* (Andrew Davis), Mendelssohn's *Elijah* with Bryn Terfel, and Günter Wand's Bruckner evening. Guest orchestras include the Berlin, New York and Oslo Philharmonics, the Chicago Symphony, the Russian National Orchestra and Frans Brüggen's Orchestra of the 18th Century. There will be premieres by John Woolrich, Keith Volans, James Dillon, Poul Ruders, Geoffrey Burrow and Detlev Glanert.

LUCERNE

August 17 - September 11
Internationale Musikfestwochen
Lucerne, Hirschgasse
13, Postfach, CH-6002
Lucerne, Switzerland. Tel
41-210 3080 Fax 41-210 9464.

Mathias Barnet, intendant of Switzerland's premier festival, has come up with another imaginative programme idea - "The Healing Power of Music". The theme is wide enough to embrace music from Bali, sacred chant, Bach's *Magnificat*, Henze's *Requiem* and Mahler's Second Symphony. There are 11 guest orchestras, including the Berlin, New York and Oslo Philharmonics, plus recitals by Anne-Sophie Mutter, Radu Lupu, Alfred Brendel and Felicity Lott.

MONTPELLIER

July 13 - August 4
Festival de Radio France &
Montpellier, Service Location,
BP 9214 Le Corum, 34043 Montpellier
Cedex 1, France. Tel
6702 0201 Fax 6761 6632.

Radio France's festival is notable for its concert performances of rare operas: this year's are Albeniz's *Pepita*



For Santander: Roberto Alagna and Angela Gheorghiu will sing opera arias at the festival in the northern Spanish town

Jimena and Clelia's *L'Orfeo*. The rest of the programme is dominated by a Beethoven symphony cycle conducted by Yehudi Menuhin.

MONTREUX

Montreux Jazz Festival
July 5 - 20
Montreux Jazz Festival, Montreux,
Switzerland. Tel 21-313

4567.

Stephan Eicher, Al Green, Phil Collins and Quincy Jones head the festival's 30th anniversary programme, and there will be a Brazil weekend with Banda Reelogio, Simone Moreno, Pepeu Gomes and more than 100 musicians from Bahia.

Montreux Classical Music

Festival

August 26 - September 24
Festival de Musique Montreux-Vevey, Rue du Théâtre 5, Case postale 162, CH-1820 Montreux 2, Switzerland. Tel 21-963 5450 Fax 21-963 2506.

Montreux offers a sultry lakeside setting, a cavernous modern barn of a concert hall, and a haphazard collection of touring orchestras - this year including the Dresden Staatskapelle, the Czech Philharmonic and the Orchestra of the 18th Century. Plus pianists Stephen Hough, Elisabeth Leonskaja and Barry Douglas.

MUNICH

Festspielkasse der Bayerischen
Staatsoper, Postfach 101404,
D-80008 Munich, Germany. Tel
89-2185 1920 Fax 89-2185 1903.

The Bavarian State Opera's

1996 festival opens with *Schlacht im 5* (Slaughterhouse 5), a new work by German composer Hans-Jürgen von Bose based on a novel by Kurt Vonnegut. Paul Daniel conducts a staging by Eike Gramss. The rest of the programme consists of repeat performances of the past season's repertory - with a heavy mark-up on seat prices.

NEW YORK

July 22 - August 11
Lincoln Center Festival, Avery
Fisher Hall Box Office, 10 Lincoln
Center Plaza, New York, NY
10023-6972, USA. Tel
212-721 6500 Fax 212-675 5027.

Is there sufficient demand for a big-budget arts jamboree in New York at the height of summer? The debut season of the Lincoln Center festival will surely provide an answer. John Rockwell, former *New York Times* music critic, is wide enough to embrace music from Bali, sacred chant, Bach's *Magnificat*, Henze's *Requiem* and Mahler's Second Symphony. There are 11 guest orchestras, including the Berlin, New York and Oslo Philharmonics, plus recitals by Anne-Sophie Mutter, Radu Lupu, Alfred Brendel and Felicity Lott.

MONTPELLIER

July 13 - August 4
Festival de Radio France &
Montpellier, Service Location,
BP 9214 Le Corum, 34043 Montpellier
Cedex 1, France. Tel
6702 0201 Fax 6761 6632.

Radio France's festival is notable for its concert performances of rare operas: this year's are Albeniz's *Pepita*

PERALADA
July 6 - August 20
Festival de Música Castell de
Peralada, Pere de Montcada 1,
08034 Barcelona, Spain. Tel
93-280 3600 Fax 93-280 3700.

This Catalan festival includes staged productions of operas by Verdi, Falla and Albéniz, plus recitals by Teresa Berganza and Mirella Freni.

PERUGIA

July 8 - 23
Umbria Jazz, Italy. Tel
75-624323.

Guest artists include the Herbie Hancock Quartet, the Phil Collins Big Band, Manhattan Transfer, Al Jarreau and Diana Reeves.

PESCARA

August 10 - 24
Biglietteria dei Festival, Via
Rossini 37, 61100 Pescara, Italy. Tel
052-33184 Fax 731-30979.

Pesaro means Mediterranean sun, Adriatic sand and Rossini vitality. Rossini was born here, and the festival is his greatest champion. This year's operas are *Ricciardo e Zoraide*, *L'occisione fa il ladro* and the comic melodrama *Matilde di Shabran*. Maurizio Pollini gives a piano recital and Claudio Abbado brings the Gustav Mahler Youth Orchestra.

PERNALADA

July 20 - August 31
Kartenspiel der Salzburger
Festspiele, Postfach 140,
A-5010 Salzburg, Austria. Tel
061-230 1451 Fax 061-246632.

For all Gerard Mortier's talk of reform, Salzburg is still the festival where the world's most expensive musicians congregate. The big question-mark over the opera programme is: how will Georg Solti get on with radical producer Herbert Wernicke in *Fidelio*? This year's other new stagings are *Oberon* (with Jane Eaglen as Rezia), and *Elektra* conducted by Lorin Maazel. Pierre Boulez and Peter Stein bring their acclaimed Netherlands Opera production of *Moses und Aron*, and Donald Runnicles conducts a revival of Patrice Chéreau's *Don Giovanni*. Céline Dion, the Philharmonia and the Cleveland Orchestra are also promised.

SAINT LOUIS

July 25 - June 29
PO Box 191910, Saint Louis,
Missouri 63119, USA. Tel
314-561 0171 Fax 314-561 7452.

Opera Theater of Saint Louis, one of the world's most pleasurable opera festivals, has put together another stimulating programme, including three new productions: *La rondine*, *La clemenza di Tito* and *The Rape of Lucretia*. Colin Graham produces the latter and also revises his staging of *Il barbiere di Siviglia*. The festival is renowned for discovering young American singers who go on to make big careers.

SALZBURG

July 20 - August 31
Kartenspiel der Salzburger
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A-5010 Salzburg, Austria. Tel
061-230 1451 Fax 061-246632.

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SCHLESWIG-HOLSTEIN

June 25 - August 20
Kartenzentrale, Schleswig-Holstein
Musik Festival, Postfach 3840,
D-24037 Kiel, Germany. Tel
431-567080 Fax 431-569152.

This festival - scattered among the towns and barns of one of Germany's most charming regions - has gone through a rough patch since the departure of its founder, Justus Franz. It is now in the hands of a professional arts administrator, Franz Willnauer (formerly of the Salzburg festival), who has organising ability but lacks Franz's charisma. There is a strong Austrian slant this year, with Bruckner symphonies conducted by Wand, Chailly, Masur and Blomstedt; a heavy dose of Mozart; and an extensive survey of the Second Viennese School. With his strong line-up of recitalists, Willnauer will be hoping he has found the recipe for regenerating the festival.

SANTA FE

June 28 - August 24
Santa Fe Opera, PO Box 2406,
Santa Fe, New Mexico 87504,
USA. Tel 505-988 3500 Fax
505-988 4030.

This is Santa Fe's 40th season. Modelled on European opera festivals but without their stars, it is still run by its founder, John Crosby. The appeal of Santa Fe is its exotic setting, its open-headed repertoire. A new opera by Tobias Picker is premiered this year, and the other new productions are *Madama Butterfly*, *The Rake's Progress* and *Daphne*.

SANTANDER

August 1 - 31
Festival Internacional de
Música de Santander, C/Gamazo,
39004 Santander, Spain. Tel
42-210506 Fax 42-314767.

As festivals go, Santander lacks artistic identity, but it always manages to persuade a handful of high-powered artists to drop in for a night or two.

Roberto Alagna and Angela

Gheorghiu are due to sing opera arias at the festival in the northern Spanish town

VADSTENA
July 8 - August 10
Vetterbergs Bokhandel, Vadstena,
Sweden. Tel 143-15125
Fax 143-15129.

The international Vadstena Academy, based in a medieval town 250km south-west of Stockholm, showcases young Swedish singers in neglected operas. The productions are staged either at 500-year-old

Vadstena

ARTS

Prunella Clough is now in her later 70s and, in a sensible country, which honoured its artists as freely as it does its actors and musicians, she would by now be weighed down with honours - at the very least a Dame, a CH, perhaps, an OM... No doubt her own invincible modesty has contributed to the neglect, but that should not excuse the apparent indifference of the official art world. Where have been the official tours abroad, the Biennales, the retrospectives at the Tate?

As it is, her current show at the Camber Arts Centre is her first solo outing in a publicly supported gallery since 1982. There was one at Edinburgh in 1976 and, before that, at Whitechapel all of 36 years ago, courtesy of Bryan Robertson, that most independent and perceptive of curators. In the meantime she has simply gone on working - with intervals of teaching, for she is still ever generous with her time.

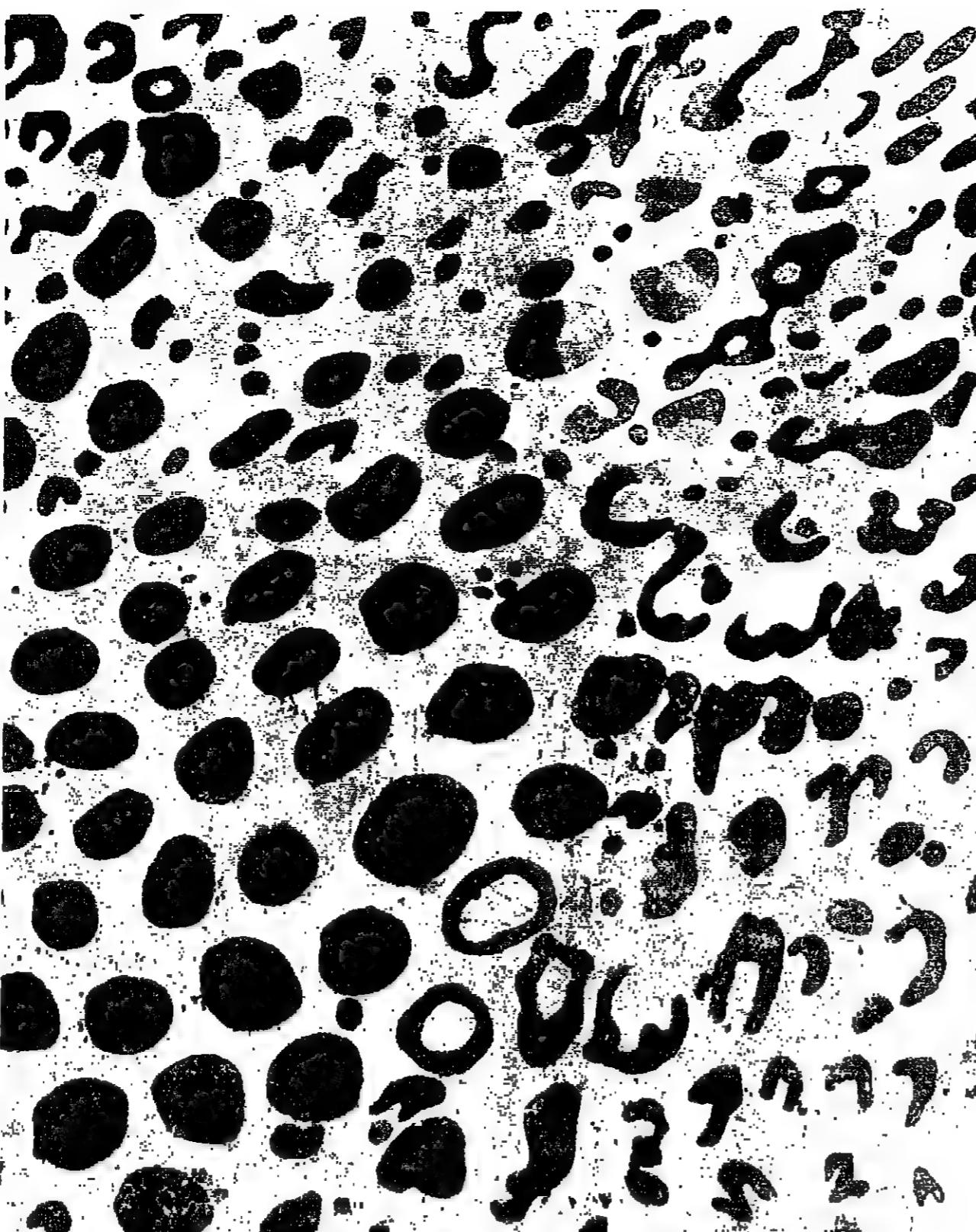
It will not do. For the truth is that Prunella Clough is as fine a painter as has emerged in this country since the last war. As an abstract painter, she stands alone - though here some amplification is necessary, for she is no narrow formalist and her abstraction is, as it were, impure. She began as a figurative painter, finding her references in the factory and the workshop, even in the cab of a lorry. My one quibble is that, given the show's retrospective scope, it should have included one or two of these early works - a couple were lately to be seen at the Fine Art Society in Bond Street.

To have done so would have established the essential continuity in her work. For hers has been no Pauline conversion, no apostasy, but a slow and steady evolution over the years. Her work is still founded in the visible world, albeit much rarified and abstracted from its source, the reference now a relic or a fragment picked up by chance rather than an incident or circumstance observed - the image a twist of wire, perhaps, a patch of rusted fence, a scrap of paper.

Exquisitely refined in everything she does, she finds it impossible to make an ugly or unconsidered mark, even on the rare occasions when it seems she actually tries to do so. That, perhaps, is her problem, in an age which requires the artist to adopt a programme, manifest ideas, strike attitudes, show signs of struggle, awkwardness, social engagement. Aestheticism, the beautiful celebrated for itself, only makes us uncomfortable.

How much easier is the case of Derek Jarman, who died last year of AIDS at the age of 53, rising to the last at the dying of the light. His is a sad and not unsympathetic story, but the trouble comes, as it always does, when the biography is allowed to get in the way and cloud the judgment of the work. Talent x Circumstance (conspicuous homosexuality) equals Genius: thus runs the equation.

Jarman was of that not unfamiliar type, the boy at school who was "good at art", at a time when to be involved at all was to be noticed. Later, after taking a combined English and History degree at King's College, London, on the to the



Exquisitely refined in everything she does: 'Natural History', 1988, by Prunella Clough

The beautiful - and the biographical

William Packer on the work of Prunella Clough and Derek Jarman

Slade where he was again the "good student", this time of painting and theatre design.

Theatre design was to be the discipline in which he first established a proper reputation. Sir Frederick Ashton inviting him to work for him at Covent Garden soon after he left the Slade. His collaboration with Ken Russell began in 1970, working as designer on several films, and soon he was experimenting with film on his own account. His subsequent achievement as film-maker is serious and substantial, but is

not the subject of this exhibition.

His painting is, and it is here that the special pleading takes over. For the harsh truth is that as a painter Jarman was never more than a moderate and intermittent talent. The coolly-fashionable abstracted landscapes of the 1980s were to become, by arbitrary leaps and bounds, the encrusted punk assemblages of the 1990s and at last the desperate, faltering expressionist canvases of the 1990s, with their violent, obscene imprecations against

an unjust, implacable fate. And yet at each point the sense is of the painter wishing to be the painter yet not knowing quite what to do, let alone how to do it.

He is going through the motions, striking attitudes, and all the hagiographic and homosexual apologetics in the world, of which the catalogue is full, make not a jot of difference, not because they are inimical or controversial, but because they are irrelevant. It is very sad. As a film-maker Jarman knew what he did not know.

Prunella Clough - paintings 1970-96: Camden Arts Centre, Arkwright Road NW3, until June 30, then on to Oriel 31, Newtown, Powys; supported by the Arts Council of England, Derek Jarman - a portrait: Barbican Art Gallery, Barbican Centre, Silk Street EC2, until August 18, then to Newcastle and Norwich.

The BBC does listen to what people say, notwithstanding those patronising producers who soothe our complaints with barely disguised contempt in *Feedback* (at least they put in an appearance). OFTHOYLE, the relevant one-man watchdog organisation, has lost count of government spokesmen who do not deign to reply to approaches from news or current affairs programmes).

That the corporation takes note, however reluctantly, of our wails has been confirmed by the news that Paul Gambaccini's Radio 3 contract will not be renewed when it expires. Gambaccini fans may be reassured: he remains presumably on *Hallelujah*. By some oversight, this is a programme that I seem to miss habitually. Not even Lynne Walker's brisk brightness and sense can reconcile me to some of her colleagues, alternately creaky and callow.

The suspicion that the cor-

Radio/Martin Hoyle

Other national characteristics

ration might be taking its British tabloid duties too far dawned on Wednesday, in the wake of the great stand taken by Matador Major against European bull and in favour of our own. While even some of the tabloids were tongue in cheek in their jingoistic applause, *The World at One* seemed to take references to the Falklands and other great British confrontations not necessarily approvingly but rather seriously. Is irony the latest of the *echi-British* qualities to wither and die?

National character and its survival, or disappearance, in difficult circumstances has been the underlying theme of a charming Radio 4 series. Apologies for the late note, but *Bald of the Sad Cafe* has been a pleasure for some weeks now, dealing with exile serious and not so serious, temporary and permanent.

While learning about these aliens' reaction to Britain we learnt just as much about ourselves, notably how little we know about some foreign cultures. Two weeks ago I realised I had never known that Colombians had been "the greatest goldsmiths the world had ever seen". Irrepressible Latin-American cheerfulness glossed over what it means to be Colombian: it is an act of faith. Oh - and "food gives everybody

elders. The latter quite often remain without English, though they sometimes learn to read it: we heard from one who loved English history, another who read *The Guardian* but who could not actually speak the language (I see no contradiction in this). The younger Vietnamese seem to have settled remarkably well; the old ones lamented the new ignorance of the old country and the old ways. Against the sound of a New Year's Dance tango (a reminder of French Indo-Chinese sophistication) one woman who could and did speak English wept, all the more chillingly for her fluency, that she wanted to go back when she grew old, to die in her own land.

Q: Who said of whom "I was the meringer to her roast beef?"

A: Robert Runcie of (as an undergrad "slightly chubby, very determined") Margaret Thatcher.

More apologies for lateness in mentioning the totally gripping and unexpectedly diverting *The Purple, the Blue and the Red*, a study of the recent relationship between church and state, recalling Becket and Henry II in tension, though not so far quite as bloody. This was as full of plums as little Jack Horner's pie (to refer to monastic land-deeds during another church-state stand-off). Who of us secretly would disagree that the sad falling of the C of E is due to the relative dearth of public school men. "Parsons should lead." So they should. And eat roast beef, ride to hounds and allow cockfighting in box pews during long sermons. I don't know what the Vietnamese of Hackney would say.

The gap between young and old was extreme. Children and grandchildren have increasingly little to say to their

Television/Christopher Dunkley

Inside one man's head

think, self-deprecatingly at that. In any case, four instances of one highly original technique in such a long list of dramas hardly seems excessive. As for women, Potter proved in *Blackeyes* that he would not kowtow to all the commandments of feminism, revealing instead a complex mixture of romance, lust and

Potter was attempting to map the territory of the mind

writing, and other artists have done with every medium of expression: to map the territory of the mind. This involves a different order of magnitude from anything you find in *No Bananas or Soldier, Soldier*. To patronise Potter now with a nod towards past achievements and a condescending readiness to make allowances for a dying man's hurry is to miss the fact that he was, as ever, working in areas which most television dramatists never even approach.

Having said that, the irony is that *Cold Lazarus* is much nearer than most of what he wrote to the conventions of popular television serials. It is a science fiction thriller, set in 2368 AD, looking like a cross between *Blade Runner* and *Doctor Who*, mixing the rust-bucket futuristic landscapes of the former with the batlike anachronistic "modernist" gadgets of the latter, and featuring sinister policemen in shiny silver suits and mask-like helmets who look a bit like Cybermen. Almost every famous futurist work is brought to mind at some stage in *Cold Lazarus* - *Metropolis*, *Things To Come*, *Star Wars* - and with the high level of special effects you can see why it cost millions of pounds to make.

The connection with *Karaoke* is Feed, or anyway

his head, which has been cryogenically preserved and is now about to be exploited by media moguls. They plan to capture the ratings by plundering his memories and enabling the viewing millions to discover via virtual reality what it is like to be Feed. Potter has carried his fascination with the prostitution/exploitation of the artist beyond (or outside) death. In terms of narrative there is one difficulty: we are never shown enough of the ghastliness of the world of virtual reality to explain why it has given rise to the RONs, the rebels who declare "Reality Or Nothing" and whose violent opposition to the mores of 2368 is at the centre of the drama.

Yet Potter's writing is so strong that, even with such a snag, *Cold Lazarus* stands up as one of the most powerful things he ever created. Detractors have said that if these dramas had been submitted to television with the name of some unknown on them, they would never have been produced. Certainly the cost would have shocked people such as producers Ken Todd and Rosemary Whiteman but one hopes, and suspects, that whatever the name on the manuscript, *Cold Lazarus* would have struck them as a work of extraordinary breadth, assurance, intricacy and entertainment.

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Exotic sounds from Marco Polo

The west meets the orient in Munich:
David Murray reviews Tan Dun's new opera

World music and crossover music are magical labels nowadays - at least among concert promoters hoping to entice the newest generations, now generally ignorant of western classical music, back toward the classical mainstream through the simpler appeal of strange ethnic instruments and hackle-stirring foreign chants. There is also a vaguer hope that non-western music may expand the western range, stimulate new developments.

But is there a real middle ground? Is there any easy continuity between the developments of western music and other distinct, exotic species? A lot of people eagerly anticipate a positive answer one of these days and the Chinese-American composer Tan Dun (b. 1957) has sprung to prominence as their new white hope. His new "opera" *Marco Polo* has just enjoyed a popular triumph at the Munich Biennale.

Tan came late to western styles. After a laborious training in Chinese music. He seized an opportunity to study in New York, for a while, unwilling to forget the sounds he grew up with, he composed for ensembles of mixed roots, with the oriental players allotted bursts of musical expansion in their own styles. Then he was introduced to Toru Takemitsu (the first oriental composer to please western ears), and his music, and realised that oriental instruments could be shepherded into up-to-date western scores to piquant, exotic effect.

Casting about for an operatic subject, Tan Dun hit upon the amateur explorer Marco Polo. He got in touch with the music critic Paul Griffiths, who had written a teasingly clever, post-modernist "novel", *Mysafir* and *Marco Polo*.

Their collaboration - which eventually left the novel far behind - resulted in a two-hour opera (commissioned by

the Edinburgh Festival, where it still awaits a staging). The composer Hans Werner Henze snatched it up for his Munich Biennale; a concert performance at the Holland Festival will follow, and then the Hong Kong Festival next February.

As staged by the choreographer Martha Clarke in Munich's Muffathalle, it looked pretty, striking and fairly abstract. The bare scenic indications in the score - "Piazza", "Bazaar", "Desert" and so forth - were set aside: we watched the seven principal singers and some dancers, exotically costumed, coming

Strange instruments include Tibetan horns braying like randy yaks, singing bowls and bells

and going in a no-man's-land, but mostly standing, posing and staring intently into the distance. It is the soundscape that counts, not the landscape.

The eponymous hero is divided into two: sensitive "Marco" (the mezzo Alexandra Montano), and brave, sturdy "Polo" (the tenor Thomas Young). Other characters with barely detectable roots in Griffiths' novel are a bass Kublai Khan, a baritone Dante, a jesting companion Rustichello (a Chinese "high overtone" tenor, Shi Zheng Chan) and two more elegant ladies - one called "Sheherazade", who is perhaps a ghost of the Chinese princess whom Polo was to bring back as bride for a Persian king.

But Tan Dun is not concerned to tell any story: travelling is what interests him, not arriving. There are few recognisable events, and those remain unexplained (the libretto consists only of suggestive phrases that caught Tan's fancy). Meanwhile the score yields a whole panoply of strange instruments and fresh sounds: Tibetan horns braying like randy yaks, a Chinese *pipa* (kind of super-mandolin), Tibetan singing bowls, and bells, a sitar and tabla, a mediaeval trio of rebec, recorder and harp.

One's ear was constantly intrigued and charmed.

Whether the "opera" is a through-composed work, and not just a musical travologue, was not easy to decide, especially since there is really no action to support. Occasionally one singer or another gets a short, florid aria (very florid in the case of the Peking Opera tenor), but only toward the end, is there sung music which seems to grow out of the score - and sounds oddly, rather like a Leonard Bernstein finale.

The composer himself conducted with confident precision. The Münchner Kammerorchester and its exotic cohorts seemed assured, as did the offstage chorus, who were required to produce many unfamiliar noises and did so with enthusiasm. At the Holland Festival the piece will be performed without staging, which may or may not prove a disadvantage.

It is curious to reflect that whereas the Griffiths' "novel" is above all a parable about cultural relativity, the vast differences between one culture's perceptions and another's, Tan Dun's object is to bring it all together. His Orchestral Piece no. 1 used a western orchestra in a brilliantly non-western ways at a Prom last summer. *Marco Polo* struck me as much less thoroughly digested: Tan Dun loves many sounds for their own sake, too much to press them into a real construction. But who knows what he will do next?

Dance
Magic in the garden

bodies like life-blood.

Booth is more contemplative, more adept in Tai-chi gesture, cooler. Maliphant's dancing has a grand variety of muscular pulse, energy seeming to gain momentum and then find release in some sharp but superbly controlled coil of action. They complement each other admirably well, and contemplate each other's skills with extraordinary understanding.

Stormgarden lasts an hour, and it offers four sequences in which the dancers work

through and round the world of the setting and its noises. We, the watchers, must look at the activity as we would a foreign garden, savouring its varied forms rather than seeking immediate "understanding" of its plants. (We cannot hope to name every tree and bush.)

"Contact improvisation" is an important ingredient in these two artists' work, with movement born from gesture or pose by one then transferred to the other and developed. When the spirit moves them, this can be fascinating - like any improvisation. When, as on Wednesday night, matters failed to gel for a moment, then it turns into a "my turn" game. This apart, the performance was fascinating. Booth and Maliphant are virtuosos. They are also alert and questioning artists who create new worlds for us.

Clement Crisp

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PROPERTY

Will the promise of spring last until the summer?

Anne Spackman reviews the recent shifts in UK house prices

For the first time in three years the promise of spring in the UK property market looks set to survive through the summer.

Although 1994 and 1995 saw the activity of the opening months of the year fizzle out in April and May, this year estate agents report a strengthening market. For some in the mainstream sector it is the first good year since 1990.

The latest monthly survey by the Royal Institution of Chartered Surveyors, covering the three months until the end of April, shows a steady rise in the numbers of estate agents recording price increases.

In February just 8.3 per cent said prices were rising compared with 23.6 per cent last month. However, the rises are predominantly in the 0.2 per cent bracket - still below the level of inflation.

The strongest demand is still for the best properties in the most up-market areas. But there are signs that confidence has trickled through to all but the very lowest rungs of the property ladder: for cheap urban terraces and the poorest medium estate houses there are still very few buyers.

One of the brightest spots of activity is in districts on the fringes of central London. Winkworth, which has 30 offices throughout the capital, reports the highest price increase in its north Kensington branch, which covers the north side of Notting Hill. Battersea and Hammersmith are also very lively.

This month Winkworth has sold two houses in north Kensington for just under £300,000 which were valued at £250,000 last November. A one-bedroom flat on the market for £67,500 sold for £77,000 and the two-bedroom garden flats - currently the most sought-after kind of property - which were selling for £160,000 at the turn of the year are now going for £185,000.

In Battersea, Winkworth says business has more than doubled this year, with Easter providing a new influx of buyers. As in most parts of London



the demand is strongest for two-bedroom flats and family houses.

For once the good news is not confined to London. In Kent, Cluttons reports that April was its busiest month in years, with 10 properties selling at or above the asking price.

"This time last year a number of properties were struggling to achieve their asking prices," says Conrad Payne of Cluttons. "Now, some are achieving five per cent over and above that."

Marchand Petit, based in Devon, reports the best start to any year in the 1990s, with the strongest demand being for second homes and waterside properties.

Expatriates and the early retired are particularly active. In the Cotswolds, Butler Sherborne reports a similar pattern of activity, with demand up by

15-20 per cent.

In the Midlands, Nottingham Property Services says net sales in its five branches were up by 34 per cent during the three months ending in April compared with the same period in 1995 and, in the month of April alone, sales were up by 50 per cent.

In the north of England the recovery is finally extending beyond property hot spots such as south Manchester and north Leeds. But the region still lags behind the south and Midlands, according to the RICS.

In Sunderland, Peter Heron Estate Agents reports that it is still in a buyers market, but, Heron adds: "The high level of activity experienced in March increased during April with the result that sales are at their highest level in four years."

This year's improvement is mainly in levels of interest rather than in prices. As a result many owners are keeping their homes off the market leading to shortages in the most popular types of property.

However, agents warn that sellers who respond to this by overpricing will find they have no buyers. Ian Perry, of the RICS, says: "Across the country the message we are getting is that realistic pricing is essential."

In spite of all the optimistic signs estate agents are still very cautious. They point out that buyers are very choosy and viewings are slow to convert to sales. The same note of caution is being sounded by Halifax building society.

In spite of nine consecutive rises in its monthly price index the society has still not changed its prediction that prices will increase by just two per cent this year.

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities**ADELAIDE**

EXHIBITION
Art Gallery of South Australia Tel: 61-8-2077000
• Brett Whiteley Retrospective: Selected Masterpieces: this touring exhibition highlights the artistic talent of one of Australia's most controversial artists. Selected from the major retrospective which was held last year, the exhibition comprises paintings from public and private collections in Australia and other countries. It charts Whiteley's work from the early abstracts and landscapes produced in London in the 1960s to the Sydney Harbour paintings of the early 1980s; to Jun 16

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-5730573
• Kristjan Zimerman: the pianist performs works by Haydn, Beethoven and Schubert; 8.15pm; May 30
De Melkweg Tel: 31-20-6241777
• Miriam Makeba: performs South African music; 9.30pm; May 28

EXHIBITION
Van Gogh Museum Tel: 31-20-5705200
• Van Gogh drawings, part I: each summer for the next four years the Van Gogh Museum will publish a volume of the catalogue of its collection of Van Gogh drawings. To mark each publication, a summer exhibition will be held. In the course of this four-year period more than 500 sheets will be displayed. The first exhibition in the series is devoted to the period from 1880 to 1883. The exhibition also pays considerable attention to Van Gogh's drawing techniques; to Sep 15

FESTIVAL

Holland Festival Tel: 31-20-5276588
• Holland Festival '96: 40th edition of this festival offering music, theatre and dance. This year two important artists of the second half of this century are dominant presences: composer Pierre Boulez and choreographer William Forsythe. Each of these artists is being given a retrospective that includes both old and recent work. A third important component of the programme is the "Ensemble Parade" (Jun 7-16). Twenty composers from The Netherlands and abroad have been commissioned works which will now be performed for the first time, by major European ensembles. Berio's *Cors et Alleluia* II for five orchestral groups will conclude the festival on Jun 30; from May 31 to Jun 30

ANTWERP

OPERA
De Vlaamse Opera Tel: 22-3-2336808
• King Priam: by Tippett. Conducted by Edgar Howarth and performed by De Vlaamse Opera. Soloists include David Pittman-Jennings, Penelope Walmsley-Clark and Geoffrey Dotson; 8pm; May 28

ATHENS

CONCERT
Athens Concert Hall Tel: 30-1-2723233
• Murray Perahia: the pianist performs works by Scarlatti, Handel, J.S. Bach, R. Schumann and Mendelssohn; 8.30pm; May 28, 29

BALTIMORE

EXHIBITION
Baltimore Museum of Art Tel: 1-410-396-6300
• Grace Turnbull: exhibition devoted to the work of sculptor, painter, writer and social activist Grace Turnbull (1880-1976). In 1928 Turnbull turned her full attention to sculpture. Her principal technique was direct carving, both in stone and wood, although one of her sculptures best known to the citizens of Baltimore is the bronze "Naked" in the square of Mount Vernon Place. The exhibition is organised in celebration of the centennial of the Maryland Institute, College of Art's Rinehart School of Sculpture, and includes both painting and sculpture by this 1911 Rinehart graduate; from May 29 to Aug 4

BARCELONA

EXHIBITION
Museu Picasso Tel: 34-3-3196310
• Futurism: exhibition featuring works by the leaders of this movement. These were the artists who signed the first Manifestos: Marinetti (Futurist Manifesto, 1909) and Boccioni, Carrà, Russolo, Balla and Saverini (Manifesto of Futurist Painters, 1910). The exhibition is supplemented with works by Depero, Stronati and Scalfi. The display includes some 60 paintings and 30 drawings, as well as letters, photographs and books; to Jul 21

BERLIN

CONCERT
Philharmonie & Kammermusiksaal Tel: 49-30-2614383
• Berliner Philharmonisches Orchester: with conductor Seiji Ozawa and pianist Peter Serkin perform works by Reger and R. Strauss; 8pm; May 30; Jun 1



Buildings in Naples by Thomas Jones, from the In The Light of Italy exhibition in Washington

National Museum and Gallery, Cardiff

OPERA

Deutsche Oper Berlin Tel: 49-30-3438401
• Tristan und Isolde: by Wagner. Conducted by Heinrich Hollreiser and performed by the Deutsche Oper Berlin. Soloists include Friedemann Kunder, Anne Evans and Gerd Fehling; 8pm; May 26

BONN

EXHIBITION
Kunstmuseum Bonn Tel: 49-223-776121
• Albert Renger-Patzsch - das Spätwerk. Bäume, Landschaften, Gestalten: exhibition of works by photographer Albert Renger-Patzsch (1897-1968) from the latter part of his artistic career. The greater part of the works on display was created in the 1960s. The exhibits include photographs of trees, stones and landscapes; to Jun 18

BOSTON

EXHIBITION
Museum of Fine Arts Tel: 1-617-267-9100
• Winslow Homer: this exhibition features 180 paintings, watercolours and drawings which address every stage of the artist's career. Some themes represented in the retrospective include the Civil War, genre scenes of the 1870's, and the Prout's Neck seascapes of the 1890's; to May 26

BRUSSELS

THEATRE
Koninklijke Vlaamse Schouwburg Tel: 32-2-2194944
• Madame de Sade: by Yukio Mishima. Directed by Franz Marjani and performed by De Koninklijke Vlaamse Schouwburg. The cast includes Sandrine André, Sophie Declerq, Eléonore Moer and Chris Thys; 8pm; May 28, 29, 30; Jun 1, 2

CHICAGO

CONCERT
Chicago Orchestra Hall Tel: 1-312-435-6666
• Symphony No.8: by Mahler. Performed by the Chicago Symphony Orchestra and the Chicago Symphony Chorus, conducted by Christoph Eschenbach. Soloists include soprano Sharon Sweet, Marvin Martin and Heidi Grant Murphy, mezzo-soprano Florence Quivar and Janis Taylor, tenor Vinson Cole, baritone Richard Zeller and bass Eric Halfvarson; 8pm; May 30, 31; Jun 1

COLOGNE

DANCE
Schauspielhaus & West-End-Theater Tel: 49-221-2218240
• Mikrokosmos: a choreography by Anne Teresa de Keersmaeker to music by Bartók and Ligeti, performed by Rosas. Soloists include Mark Lohrner, Samantha van Wissen and Sarah Ludi; 7.30pm; May 27

EDINBURGH

EXHIBITION
Scottish National Gallery of Modern Art Tel: 44-131-5568921

• Alberto Giacometti 1901-1966: the first major exhibition of Giacometti's work in Britain since the retrospective held at the Tate Gallery in 1985. The exhibition comprises some 80 sculptures, 30 paintings and a selection of drawings. These include sketches and paintings made by Giacometti in his youth. Surrealist sculptures of the early 1930s and the celebrated series of tall standing figures begun immediately after the War; from Jun 1 to Sep 22

FLORENCE

OPERA
Teatro Comunale Tel: 39-55-211158
• Lucia di Lammermoor: by Donizetti. Conducted by Zubin Mehta and performed by the Orchestra e Coro del Maggio Musicale Fiorentino. Soloists include Elisabetta Scano, Elizabeth



National Museum and Gallery, Cardiff

COPENHAGEN

DANCE
Det Kongelige Teater Tel: 45-10 02
• Ballet Gala: closing performance of the Copenhagen International Ballet Festival (May 13-31). Soloists from the Ballet National de Marseille, Roland Petit, the Béjart Ballet Lausanne, the Kirov Ballet of St Petersburg, the Royal Ballet Covent Garden and the Royal Danish Ballet perform August Boumouva's La Conservatoire, Harald Lander's Etudes, and a number of pas de deux'; 8pm; May 25

DETROIT

CONCERT
Detroit Orchestra Hall Tel: 1-313-833-3362
• Detroit Symphony Orchestra: with conductor Neeme Järvi and pianist Yefim Bronfman perform works by R. Strauss, Mozart and Brahms; 8pm; May 30, 31; Jun 1 (8.30pm)

DRESDEN

CONCERT
Sächsische Staatsoper Dresden Tel: 49-351-49110
• Sächsische Staatskapelle: with conductor Giuseppe Sinopoli and soprano Alessandra Marc perform works by Schoenberg and Bruckner; 11am; May 26, 28 (8pm)

DUBLIN

CONCERT
National Concert Hall - Geórgicas Náisiúnta Tel: 353-1-6711888
• Enrico Pace: the pianist performs works by Beethoven, Mendelssohn, Liszt and Mozart; 8pm; May 30

DUSSELDORF

CONCERT
Tonhalle Düsseldorf Tel: 49-211-8992081
• Krystian Zimerman: the pianist performs Haydn's Sonata in E flat major, Beethoven's Sonata No.30 in E major, Op.109, and Schubert's Sonata in A major, D959; 8pm; Jun 1

EDINBURGH

EXHIBITION
Contemporary Arts Museum Tel: 44-131-5568921
• Alberto Giacometti 1901-1966: the first major exhibition of Giacometti's work in Britain since the retrospective held at the Tate Gallery in 1985. The exhibition comprises some 80 sculptures, 30 paintings and a selection of drawings. These include sketches and paintings made by Giacometti in his youth. Surrealist sculptures of the early 1930s and the celebrated series of tall standing figures begun immediately after the War; from Jun 1 to Sep 22

LILLE

CONCERT
Opéra de Lille Tel: 33-20 06 88 04
• Leonora (Fidelio): by Beethoven. Concert performance by the Los Angeles Opera. Soloists include Verónica Villarroel, Luis Llana, Rodney Gilfry and John Atkins; 7.30pm; May 28, 29; Jun 1 (2pm)

LOS ANGELES

OPERA
Dorothy Chandler Pavilion Tel: 1-213-673-6100
• Madama Butterfly: by Puccini. Conducted by Richard Buckley and performed by the Los Angeles Opera.

LUBECK

CONCERT
Musik- und Kongresshalle Tel: 49-41-7904115
• NDR Sinfonieorchester: with conductor Georges Prete perform works by Brahms and Dvorák; 7.30pm; May 29

MADRID

EXHIBITION
Fundación Juan March Tel: 34-1-4354240
• Contemporaneos Fondos de Colección: exhibition of 21 paintings by contemporary Spanish artists from the museum's collection. Artists represented include Antoni Tapies, Manuel Millares and Miquel Barceló; to Jun 16

MILAN

OPERA
Teatro alla Scala di Milano Tel: 39-2-72003744
• Das Rheingold: by Wagner. Conducted by Riccardo Muti and performed by the Teatro alla Scala. Soloists include Kim Begley, Viktoria Loukianet, Monte Pederson and Heinz Zednik; 8pm; May 30; Jun 1

MUNICH

EXHIBITION
Villa Stuck Tel: 49-89-4555510
• Franz von Stuck und die Photographie, Inszenierung und Dokumentation: this exhibition focuses on the photographic studies made by Franz von Stuck in preparation of his paintings. The display includes some 300 original photographs made by Von Stuck between 1889 and 1925; to Jul 7

NANTES

EXHIBITION
Musée des Beaux-Arts de Nantes Tel: 33-40 47 65 65
• Henry Moore - L'Expression première, dessins, plâtres et tâches directes: retrospective exhibition devoted to the British sculptor Henry Moore (1898-1986). The display features 120 works created between 1921 and 1982, including 40 drawings and 80 sculptures. After the showing in Nantes the exhibition will travel to Mannheim; to Sep 2

STOCKHOLM

OPERA
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300
• Die Tote Stadt: by Korngold. Conducted by Leif Segerstam and performed by the Royal Swedish Opera. Soloists include Thomas Sunnegårdh, Katarina Dalayman and Anders Bergström; 7.30pm; May 30

TOKYO

CONCERT
Sunbury Hall Tel: 81-3-35751001
• Orchestre National de Lyon: with conductor Emmanuel Krivine and violinist Gidon Kremer perform the overture to Glazunov's Ruslan and Lyudmila, Tchaikovsky's Violin Concerto and Ravel's Le Tombeau de Couperin; 7pm; Jun 1

VIENNA

CONCERT
Musikverein Tel: 43-1-5058681
• London Symphony Orchestra: with conductor/planist André Previn and soprano Kiril Kirilenko perform works by Vaughan Williams, Mozart and Dvorák; 7.30pm; Jun 2

NAPLES

OPERA
Teatro di San Carlo Tel: 39-81-7972111
• La Traviata: by Verdi. Conducted by Daniel Oren and performed by the Teatro di San Carlo. Soloists include Giuseppi Devlini, Giuseppe Sabatini and Paolo Coni; 8.30pm; May 28, 31 (7.30pm)

LISBON

CONCERT
Grauman Auditorium da Fundação Gulbenkian Tel: 351-1-7935131
• Anthony Rolfe Johnson: accompanied by pianist Graham Johnson. The tenor performs songs by Purcell, Schubert and Britten; 7.30pm; May 27

HAMBURG

EXHIBITION
Hamburger Kunsthalle Tel: 49-10-24862612
• Egon Schiele, Sammlung Leopold Wien: exhibition of works by Egon Schiele (1890-1918) from the Austrian Leopold Collection. The exhibited works represent all the artist's main periods of creativity and include such paintings as "Selbststher", "Tote Stadt", "Selbstbildnis mit Judenkindern" and "Eremiten". The display also affords insight into the artist's work as a draughtsman; to Jun 16

LONDON

CONCERT
Barbican Hall Tel: 44-171-5388891
• The Royal Philharmonic Orchestra: with conductor Daniel Gatti and soprano Amanda Roocroft perform works by Purcell, Schubert and Mahler; 7.30pm; May 30

EXHIBITION

Royal Academy of Arts Tel: 44-171-437438
• Gustave Caillebotte 1848-1894: The Unknown Impressionist: exhibition featuring works by the French Impressionist painter Caillebotte. A man of means, Caillebotte was a respected botanist, yachtsman, philatelist and collector of his fellow Impressionists' work, activities that have tended to overshadow his achievement as a painter; to Jun 23

PARIS

CONCERT
Salle Pleyel Tel: 33-1-45 61 53 00
• New York Philharmonic: with conductor Muriel Mesur and cellist Lynn Harrell perform works by Bloch and Bruckner; 8pm; May 30, 31 (11am)

NEW YORK

CONCERT
Avery Fisher Hall Tel: 1-212-875-5030
• The Royal Philharmonic Orchestra: with conductor Daniel Gatti and soprano Amanda Roocroft perform works by Purcell and Bruckner; 8pm; May 30, 31 (11am)

EXHIBITION

The Pierpont Morgan Library Tel: 1-212-685-0008
• Being William Morris: A Centenary Exhibition: exhibition seeking to show a picture of William Morris in his various manifestations and careers: poet, novelist, illustrator and collector, among others. The display includes a widely diverse group of objects, ranging from books and bindings to wallpaper and fabrics; to Sep 1

PARIS

CONCERT
Salle Pleyel Tel: 33-1-45 61 53 00
• Maurizio Pollini: the pianist performs works by Debussy and Chopin; 8.30pm; May 31

DANCE



James Morgan

Squabbles in the common kitchen

The main ingredient in the latest row might be British beef – but that is just camouflage

If you want to while away those hours in traffic jams or trains, try this: compose an editorial that might have appeared this week in the British newspapers *The Sun*, *Daily Mail* or *The Times*. If France had decided to paralyse the European Union because Britain had banned the import of one of its food products. "Keep filthy foreign muck off our shelves" would have been a tempestuous line.

British leader writers always rise to such occasions. By comparison their continental counterparts seem all too prepared to allow reason and fairness to intrude. But this week, *Le Journal du Centre* managed something beyond the wit of any Englishman: "One might

think that Jove (sorry, Zeus or Jupiter if you wish) had a real penchant for horned beasts because he gave himself the chance of transforming Io, daughter of Inachos, into a heifer. That was for the same godly motive that made the god of gods drop poor Europe in the mire... By Jove! England, with its cattle, its gelatin, its tallow and its... sperm, is it not going to force us to ruminate on Greek mythology a Europe which can do no more?" Don't worry – it makes no sense in French either.

Another paper from this bit of *France profonde* said some kind of solidarity with the British might seem right, but: "Unfortunately, one cannot think that Britain's European partners are going to

take any risks with public health for the beautiful eyes of John Major."

In Germany the talk was tougher. From the Ruhr, the *Westdeutsche Allgemeine Zeitung* said the British prime minister's declaration of last Tuesday was the "high point of an unparalleled political campaign against Europe". If London were to make reasonable proposals, they would be received rationally.

But its conclusion could make a true Eurosceptic foam at the mouth: if he were not already: "There is no reason to become infected by British excitement, just as we should not allow ourselves to be blackmailed. The view that must be established in London is that the

future can only be European."

Curiously, in Bonn the *General Anzeiger* came to the opposite conclusion: "If there is no common solution the beef war could end up by driving the British out of the common home."

We all sometimes forget that the war is not really about beef. It is about Europe. The press and politicians in Britain never attack the US or Canadian bans, and that is not just because the most powerful proposals, they would be received rationally.

It is because the British are so cosmopolitan, shall we say, that the need for patriotic assertion grows more powerful? They and their leaders resolutely define themselves in terms of not being European and Europe has now become more than ever a them-

and-us question.

Many other countries have found their membership of the EU brings problems: most Austrians wish they had never joined. But they are not worried about foreign domination and being swindled, it is just that the Euro-system does not bring anticipated benefits.

The British speak of sovereignty and of being pushed around. In the face of that, arguments about the rights or wrongs of joining the single currency, and fighting back over beef or whatever, are largely camouflage. The reality is the one General de Gaulle perceived more than 30 years ago when he kept Britain out.

■ James Morgan is BBC World Service economics correspondent.

Peter Aspden
In the mood for a party?



Apocalyptic predictions are spoiling the build-up to England's biggest party since Waterloo. Sunset topped the charts. Although Euro 96 is being promoted as a wholesome festival of fun, there are those who fear that there will be blood, rather than dancing, in the streets.

The most pessimistic commentators this side of Schopenhauer talk in terms of sieges, ambushes, massacres. Police spokesmen employ that confident-but-not-complacent tone they reserve for impending state visits. Nerves are jangling. The party is being probed before it starts.

In search of relief, I travelled to Wembley to see England's last warm-up match against Hungary, just to get into the swing of things. But coming out of the underground station, I felt I had misread my party invitation. "Football Comes Home", it said. What here?

I looked for some sign of exuberance, someone hanging up a piece of bunting perhaps; but nothing. Just police officers, and a small group of semi-drunk adolescents singing "No Surrender to the IRA", a chant which must have struck terror in those visiting Hungarians.

We all trudged in the weak drizzle, up Wembley Way, towards

If you have a party at home, you spend some money getting things right: you set the mood, you are in control

Those Famous Twin Towers. Not too much to shout about: beer-gut nutes, a couple of souvenir stalls which had decided to collective themselves into "Wembley Village", a few sets urinating against a wall.

Look right and left from Wembley Way (routinely labelled as "historic" and "inspiring" by commentators brought up in the Erich Honecker school of architecture appreciation) and all you see is industrial units in flattened, 1970s tones of pigeon-grey. Much of the surrounding area looks abandoned, or provisional.

Nearer Those Famous Twin Towers, the unmistakable smell of football – a swirl of cigarettes, beer, over-cooked onions and urine – gets stronger. There are a couple of flags marking the proximity of Euro 96, but I still felt I had turned up in the wrong year.

I guess you should not expect champagne and truffles at a football match. But the point is this: if you want to have a party at home, then you spend some money getting things right. Unbreakable plates from the supermarket, sale-or-return Bulgarian Chardonnay, Astrud Gilberto's Greatest Hits. Set up the mood – you are in control.

Quite what kind of mood Wembley Stadium – footballing showpiece of the nation, remember – is establishing for Euro 96 is a mystery to me. But it does not feel much like a party.

I remembered turning up in Turin during the World Cup of 1980 to see the Brazil-Scotland game in that city's breathtaking, brand new Studio delle Alpi. After the match, a bitterly disappointing defeat for the Scots, the city's elegant Piazza San Carlo, immaculately prepared for the occasion, played host to thousands of supporters. The sounds of samba and bagpipes merged in unlikely harmony. It felt as violent as a Viennese ballroom dance.

I did not actually see anyone hit anyone else last Saturday. But Wembley felt violent. There was violence in the chants, in the tears on the faces, in the spray-marks of urine, above all in the gruesome, ugly walk to and from the game. This is not an atmosphere to encourage peaceful celebration, cross-cultural harmony, mutual understanding.

Intriguingly, once inside a full Wembley Stadium, there is a potent magic in the air. It may even be unique. But the ramifications of a football match last longer than 90 minutes. It is important to get the before-and-after right. Imagine you are Turkish and you have young children with you, and your team has just beaten England in a controversial climax to the Euro 96 semi-final at Wembley. Just try taking your innocent glee for a jaunty walk down Wembley Way.

I happen to think that the blood-bath predictions for this summer's tournament are largely unwarranted. But it would help if it looked as though we were expecting a party. The image of England is about to come under unprecedented scrutiny. Some 7bn television viewers are about to see the view from Wembley Way – and it looks like football is coming home to a place that does not care any more.

Royalty

A monarch among equals

Christian Tyler on the king accepted by Sweden's egalitarians

That the hereditary principle should be tolerated in Sweden, usually seen as the most egalitarian and socialist country in the west, is one of the big paradoxes of the European monarchy.

So automatic has the Swedes' acceptance of their royal family become that Professor Olof Ruin, their foremost political scientist, laughed when first asked to explain it: "I've never even been asked about the monarchy before," he said. "Oh yes," he corrected himself. "There was one occasion – for British television."

Ruin, professor emeritus of government at the University of Stockholm, was only echoing the country's politicians and citizens when he said that so long as the monarchy functioned well the political effort involved in abolishing it was simply not worthwhile.

Even former communists who belong to the renamed Left party, have no appetite for the struggle. Björn Samuelson, chairman of the parliamentary party's 22 MPs, said that not only supporters but even some party members were sympathetic to the king.

"If we went into the next elections with a priority plan to make him unemployed, they would ask us if we were feeling ill," he said.

Sweden's attachment to socialism has made an impact, however. For King Carl XVI Gustaf is the least powerful monarch in Europe.

In 1976, after many years of debate, the constitution was rewritten to render the monarchy largely representative and symbolic. The king is denied the role, common place in other European monarchies, of acting broker in the formation of government coalitions and rubber-stamping bills before they pass into law. All that remains for him as head of state is to open the Riksdag (parliament) once a year, to chair his information meetings with the cabinet and a government-parliament advisory committee on foreign policy.

As far as its monarchical elements were concerned, constitutional reform was a compromise. The present king's grandfather and predecessor, Gustaf VI Adolf, (his father died young) was a moderniser. He thereby succeeded in saving the monarchy from those in the Social Democratic Party (SDP) who wanted to carry out party policy and abolish it entirely. Today, the SDP – still in government after more than 50 years – has quietly let the matter drop.

There are other reasons for the unexpected passivity of the Swedes in the face of the hereditary principle. For a start, they are used to it. Although the present dynasty springs from Jean Baptiste Bernadotte, one of Napoleon's marshals,

the monarchy is reputedly more than 1,000 years old. Second, it has never enjoyed absolute power. Kings were subject to election throughout the Middle Ages, and there was a parliament of sorts as long ago as the 13th century.

Even today the royal family, unlike its British counterpart, is not at the apex of the class pyramid. The head of the royal household, described as "the world's most open court".

For a former communist, Samuelson is remarkably tolerant of that court. He said he had never turned down an invitation to a royal function on ideological grounds. "In principle, this kind of succession must be wrong," he added. "It's inhumane for the person who is born to succeed."

"But personally, I don't feel too strongly about it. Except that they are expensive. Maybe we should privatise them a bit – get some business sponsors!"

The monarchy is relatively costly

One of the family's greatest assets is Victoria, crown princess. But she is now in 'the risk zone'

in per capita terms. The family is voted an allowance of about SKr30m (£3m) a year in a country of under 8m people, while the upkeep of palaces and their contents – not owned by the family – costs another SKr40m. But the monarchy is taking its share of public spending cuts.

As for Samuelson's privatisation joke, it is not entirely frivolous. For one issue currently exercising the lord chamberlain – known in Sweden as "marshal of the realm" – is the growing pressure on the king from commercial concerns to lend his name and presence to their marketing campaigns.

Another safeguard is that the family is notoriously scandal-free, according to journalists in Stockholm. "They don't mess up, get drunk or use drugs," said one.

Indeed, Carl Gustaf keeps a profile so low that he is usually described as "dull" or "boring". The Norwegians next door are ruder about him: they call him "Silvia's husband" to imply that it is his German-born queen – Silvia Sommerlath, the good-looking industrialist's daughter brought up mainly in Brazil – who wears the trousers.

"I don't think this is so," said Micael Jareksson, a senior editor of Expressen, the popular evening newspaper. "But I would say Silvia is the more popular, despite being a

pledge, only two UK organisations left in which gay partnerships between consenting adults are not officially tolerated, the Armed Forces and the Church.

Opposition not merely to gay partnerships, but to homosexuality itself, is hardly surprising in the forces. One of the ways in which an organisation maintains a clear identity and well-defined boundaries is by controlling what its members can do with their bodies, by dressing them in uniform, marching them round parade grounds, and insisting on certain standards of behaviour.

Viewed rationally, gay people pose no more of a threat to the integrity of the armed services than promiscuous heterosexual men; but this is not a rational matter. Subconsciously, the behaviour



King Carl XVI Gustaf, Europe's least powerful monarch, with daughter Victoria at the 1986 Nobel Prize dinner

be malicious about her." The newspaper, which is having to fight for readership, is thinking of appointing a palace-watcher and looks forward to the day when it can publish the first picture of Victoria kissing his rumoured boyfriend.

Sweden's royals have played their cards well. "They are making very good PR for themselves," said Samuelson.

Yet the question remains why the citizens – particularly of north European countries – are so keen to retain their kings and queens. Sam-

uelson thinks the answer has more to do with psychology than with politics. "So I am not qualified to answer it. But the fact that they are family must be relevant. Every human being grows up wanting a sense of structure. It's the same in a community."

The only way he could imagine the monarchy disappearing was if the genes work well. "Whatever you say, it doesn't hurt and it's rather fun to have this sort of ceremony. And if the genes work well, OK. But it's a risky business to be dependent on genes."

■ Next week: Norway – royal symbol of independence

motives of the heart are even more important than what people do.

It is hard, therefore, to see how the desires of the gay person's heart suddenly become wrong when they are expressed in action. Personally, and outside the Church it is hardly a startling conclusion, I believe that a range of sexual orientation is part of the richness and the variety of human life, and that gay people living with partners in settled, faithful relationships should be fully accepted.

I once attended a discussion led by two gay men. After a brief introduction, the Church had been forced to recognise that sexual activity is primarily for relational purposes, and only secondarily for procreation. The consequences of that for gay partnerships are only now becoming apparent.

Unlike the writers of the Bible, we know that some people are gay by nature, and most people accept that to be homosexual is not wrong in itself. Opinion is divided on homosexual behaviour. But one of the most distinctive aspects of the teaching of Jesus is that the

Lord Runcie, formerly his grace of Canterbury, is an officer and a gentleman, and it is wholly uncharacteristic for him to creep out at night and dig up the pitch on which his successors are struggling to play. But that is precisely what he has done.

By admitting, publicly and unequivocally, that he has ordained gay men who were living with a partner, he has made it much harder for his successors to play what in this context may appropriately be called a straight bat. By describing the Church of England's present policy as "judicious", he has hardened a much-needed rethink.

The policy is based on a wink and a fudge. The wink is given by some bishops to gay ordinands living with a partner. "Be discreet," they say. "Don't cause a scandal, and whatever you do together, don't tell me about it. Then I can officially deny it."

The fudge is that lay people may enter into gay partnerships, provided only that they recognise they

are thoroughly inferior to properly married people and do not expect the Church to celebrate their relationships. But gay clergy are officially expected to remain celibate unless, that is, they can find a bishop who is either sympathetic or dishonest, or both. Stated thus crudely, Runcie's use of the word "judicious" seems fair.

It never used to be like this. The Christian attitude to homosexual behaviour has been remarkably consistent for the past 2,000 years. Homosexual acts have always been declared sinful and those found guilty have been rigorously punished. The death penalty used to be common for all manner of offences, but even so, more men were condemned to death for sodomy than for murder in London in 1026. Today there are, to my know-

ledge, only two UK organisations left in which gay partnerships between consenting adults are not officially tolerated, the Armed Forces and the Church.

Opposition not merely to gay partnerships, but to homosexuality itself, is hardly surprising in the forces. One of the ways in which an organisation maintains a clear identity and well-defined boundaries is by controlling what its members can do with their bodies, by dressing them in uniform, marching them round parade grounds, and insisting on certain standards of behaviour.

Viewed rationally, gay people pose no more of a threat to the integrity of the armed services than promiscuous heterosexual men; but this is not a rational matter. Subconsciously, the behaviour

of his amendment, the cleric then withdrew it.

Grudgingly, the Church has recognised that an inferior sex life is not a sine qua non for the procreation of children."

But since its approval of birth control, reluctantly in the 1930s, the Church has been forced to recognise that sexual activity is primarily for relational purposes, and only secondarily for procreation. The consequences of that for gay partnerships are only now becoming apparent.

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WEEKEND INVESTOR

The week ahead

WEDNESDAY: Anglian Water opens the results season for the water sector. Analysts are not expecting too many fireworks in the figures themselves but, after the activity of 1995, it would be wise not to discount all surprises. With the sector underperforming the market by 10 per cent in the past month, analysts are expecting relatively large dividend increases. NatWest Markets believes growth of less than 10 per cent will be "atypical".

Anglian is expected to announce pre-tax profits of about £235m, compared with £216m last year, but that was flattered by a £14m rebate package. The group's non-core process engineering and international operating activities are expected to make a loss of about £5m for the full year. A total dividend of just over 25p is expected, up 11 per cent from last year (26p).

THURSDAY: London International Group, the condom and rubber glove manufacturer which is two-thirds through a three-year recovery programme, is expected to report steady progress in its annual results. Analysts are forecasting pre-tax profits for the year to March 31 of £25m to £26.5m, up

from £15.2m.

The group's long-term prospects were given a fillip last month when it announced the £25.7m acquisition of Aladdin Corporation, a US-based medical glove manufacturer.

THURSDAY: The bids for South West Water by rival utilities Severn Trent and Wessex are being considered by the Monopolies and Mergers Commission. Analysts believe the company will want to keep some powder dry for its defence when it announces its results. Pre-tax profits of just over £100m will represent a rise of about 3 per cent on last year's pre-exceptional £98.7m. But a dividend increase of around 7 per cent is predicted. This would give a total of just over 25p, up from 27.5p.

THURSDAY: Forecasts range widely for Utilities as analysts complain that comparisons with last year are "meaningless" because of the contribution from Norweb, the regional electricity company acquired last year. There are also expected to be several exceptionalities, such as the cost of reorganisation and the rebate from the National Grid shares. Nonetheless, a post-exceptional profit of about £252m, with a dividend of about 33p, is expected.

■ Results due next week

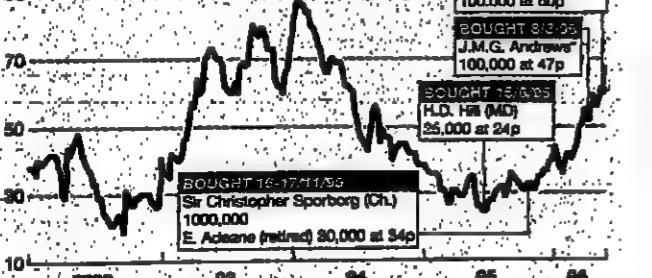
Company	Sector	Dividend per share	Amount (£m)	Last year interim	This year interim
FINAL DIVIDENDS					
Anglian Water	Water	26p	18.0	0.0	
Babcock Leisure	Leisure	0.25	0.25	0.25	
Barclays	Bank	0.45	0.45	0.45	
British Evening Post	Media	4.1	0.25	0.25	
British Investment Trust	Unit trust	2.1	2.1	2.1	
David Glass Associates	Advisory	-	0.0	0.0	
Dunlop International	Tyres	1.0	1.0	1.0	
Dovey	Proprietary	0.05	0.05	0.05	
EDP Party India	Ed	0.05	0.05	0.05	
El Perro Rojo (UK)	Clothing	0.05	0.05	0.05	
Excellon	Metals	0.05	0.05	0.05	
Pasbury Trust	Trust	1.2	2.0	1.0	
Watson's	Metals	0.05	0.05	0.05	
Wearhouse	Leisure	0.05	0.05	0.05	
London International	Leisure	0.05	0.05	0.05	
M&G Recovery Investment Trust	Unit trust	1.0	1.0	1.0	
Mid-Valley Holdings	Leisure	0.05	0.05	0.05	
Monte Carlo Trust	Unit trust	2.0	2.0	2.0	
Prudential	Proprietary	0.05	0.05	0.05	
Repsol/Partnership	Proprietary	0.05	0.05	0.05	
Scotney	Ed	0.05	0.05	0.05	
South West Water	Utilities	0.05	0.05	0.05	
Stel Security	Proprietary	0.05	0.05	0.05	
TRI Property Investment Trust	Unit trust	0.05	0.05	0.05	
Titanium	Proprietary	0.05	0.05	0.05	
Tioxide Group	Chemical	0.05	0.05	0.05	
Worrell Investments	Proprietary	0.05	0.05	0.05	
INTERIM DIVIDENDS					
Abercrombie Polar	Dist	Wednesday	1.8	3.2	
Bell Bros (UK)	BB	Thursday	1.2	2.0	
Carlton Communications	Media	Wednesday	0.3	0.3	
Dunedin Worldwide	Ed	Wednesday	0.3	0.3	
Edinburgh New Town	Ed	Thursday	0.4	0.4	
Finlayson Schleswig Trust	Ed	Wednesday	0.4	0.4	
Globe West Electric Inc	Ed	Wednesday	1.8	2.1	
Kleffman's Self Storage	Ed	Wednesday	0.05	0.05	
M&G Group	Ed	Thursday	1.0	1.0	
M&G Impex Investment Trust	Unit trust	Wednesday	1.05	2.15	
McLeod Russell Holdings	Ed	Wednesday	0.75	0.75	
Monks	Proprietary	Wednesday	0.05	0.05	
Smart (L)	Proprietary	Tuesday	0.4	0.4	
Spirits (UK)	Ed	Wednesday	0.05	0.05	

Dividends are shown net per share and are adjusted for any intervening split issue. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. \square 1st quarter. \diamond 2nd quarter. \times 3rd quarter. \ast 2nd quarter in US dollars and cents.

Hambros Countrywide

At Hambros Countrywide, the financial services group, Colin Finch, the deputy chairman in charge of the commercial division, sold 100,000 shares at 60p. In effect he was only selling 10 per cent of his holding since he retains 990,000 shares.

Share price: £1.05



Source: FT Data

■ Directors' share transaction in their own companies

Company	Acquirer	Shares	Value (£m)	No. of directors
SALES				
Abbey National	Bank	2,000	12	1
Berry & W.L.T.	LHJ	185,780	1.0	1
Brummablett S9	Han	133,215	167	1
Brake Bros	Red	26,684	191	1
Hambros Countrywide	Proprietary	100,000	60	100
Hempsons Group	Han	137,800	124	1
Heathcote	Han	20,000	26	1
Kingsbury Group, PLC	Red	31,900	63	1
Lancashire Ent.	SSer	12,000	20	1
Legal & General	Life	2,000	10	1
Manders	Chem	12,900	36	1
My Kinda Town	LHJ	1,026,000	1435	2
Provident Financial	Orsi	3,000	31	1
Sanderson Elect	SSer	4,650,000	7465	1
Spender	Dist	40,000	150	1
Supercapsule VR	SSer	98,000	607	1
Swindonfield	Han	50,000	103	1
BET	SSer	367,976	820	2
Closs Bros	MBank	309,443	1,144	1
Kwik-Fit Holdings	Dist	1,156,780	2,007	1
Severnstar	Eng	40,600	184	1
United	Ed	190,000	1,107	1
PURCHASES				
Ball (A.H.) Grp	BCap	150,000	50	4
DOS Group	SSer	15,000	20	1
Guardian Royal Exch	Ins	100,000	272	1
JB Group	Eng	5,000	18	1
Kleinwort Charter	Ins	18,200	18	1
Regal Hotel Grp	Ed	4,000	11	1
Secure Trust	ONF	172,000	72	2
Ugland Int	Ed	17,300	81	1
United Industries	Eng	99,168	78	1
OFFERS FOR SALE, PLACEMENTS & INTRODUCTIONS				
BCap	to raise £10.7m via a placing and offer of shares at 81p.			
Allied Carpets	to raise £10.2m via a placing and offer of shares at 51p.			
Brummablett	to raise £10.0m via a placing and offer of shares at 67p.			
Brake Bros	to raise £10.0m via a placing and offer of shares at 60p.			
Hambros Countrywide	to raise £10.0m via a placing and offer of shares at 60p.			
Heathcote	to raise £10.0m via a placing and offer of shares at 60p.			
Kingsbury Group, PLC	to raise £10.0m via a placing and offer of shares at 60p.			
Legal & General	to raise £10.0m via a placing and offer of shares at 60p.			
Manders	to raise £10.0m via a placing and offer of shares at 60p.			
My Kinda Town	to raise £10.0m via a placing and offer of shares at 60p.			
Provident Financial	to raise £10.0m via a placing and offer of shares at 60p.			
Sanderson Elect	to raise £10.0m via a placing and offer of shares at 60p.			
Spender	to raise £10.0m via a placing and offer of shares at 60p.			
Supercapsule VR	to raise £10.0m via a placing and offer of shares at 60p.			
Swindonfield	to raise £10.0m via a placing and offer of shares at 60p.			
BET	to raise £10.0m via a placing and offer of shares at 60p.			
Closs Bros	to raise £10.0m via a placing and offer of shares at 60p.			
Kwik-Fit Holdings	to raise £10.0m via a placing and offer of shares at 60p.			
Severnstar	to raise £10.0m via a placing and offer of shares at 60p.			
United	to raise £10.0m via a placing and offer of shares at 60p.			
CURRENT TAKEOVER BIDS AND MERGERS				
Company	Value of bid (£m)	Value of bid (£m) per share	Price	Value of bid (£m) per share
BET	224,456	235	184.95	2,228m
Centrica	42%	41	18.25	Edison
Eva Whimbred	700.5	675	5.00	Perrier Group
Eva Whimbred	520.0	675	4.20	Perrier Group
Evans	1,177	108	7.95	McDonald's
Germany 1	225.4	250	245	New West Bank
Do. 2	250.4	250	245	New West Bank
Gas Corner	80.6	94	45	Standard Leathers
Joint Steam Pk	140.2	156	12.9	Gas Constellations
Midlands Elec	420.4	427	1,730	Anglo-Eastern
Royal Insurance	111	420	6.25m	San Atlantic
Timberline House	80.7	80.5	6.45	Kenneth
Unitech	891	694	69.05	Statoil

■ Last week's interim results

Weekend Investor

Wall Street

The Dow defies its critics, 100 years on

But Maggie Urry wonders if the legendary Magellan fund has much longer to go

When the Dow Jones Industrial Average enters its second century on Tuesday, the venerable index will be trading at or near a record high. A fitting accomplishment.

Yet, the Dow has many critics. They say that, because it contains only 30 stocks, it is too narrow an index and is underweight in important sectors. And, they add, it is calculated in an old-fashioned and simple way (100 years ago they did not have the luxury, if that is the word, of computers).

It does not take account of the different sizes of the companies in the index. But, because it is price-weighted, a 1 percentage point move in a big share price – like United Technologies, which yesterday was trading at over \$110 – has a much greater effect on the index than a similar change in a small share price (such as Bethlehem Steel, trading at \$13).

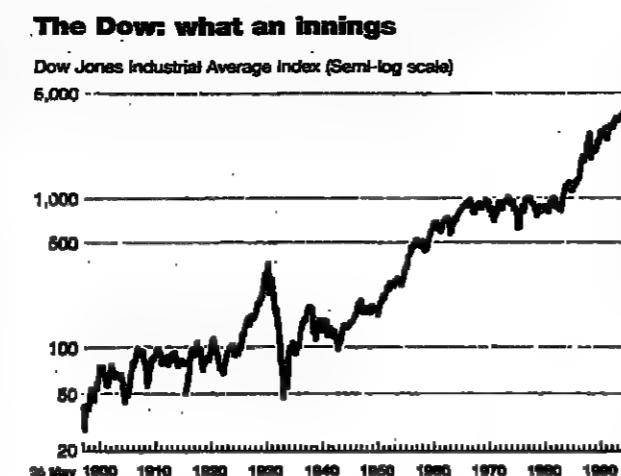
Traders who invent clever computer models scorn the Dow and favour the broader S&P 500 or one of the multitude of other indices. Likewise, investment managers compare their performance with the S&P 500, Russell 2000, or whatever they consider the relevant benchmark.

Yet, the Dow has its adherents, too. László Birinyi, of Birinyi Associates, says the Dow is the measure to which most people refer when talking about the market. "It's like a sailor," he says. "They can have all the sophisticated celestial navigation systems – but they also have the compass."

This week, however, has demonstrated some of the limitations of using the Dow. On Monday, news that Iraq had come to an agreement with the UN on an oil-for-food deal saw the oil price shoot up. The three oil stocks in the index leapt with it and took the Dow up more than 81 points to a record.

On Thursday, the Dow reversed from a near-50-point fall to show a net loss for the day of only 16 points, largely because of a sudden jump in the price of Philip Morris. That stock added 8%, or 6 per cent, on the day when an appeal court in New Orleans threw out the class action suit against the tobacco companies.

This lawsuit would have allowed millions of cigarettes



smokers to band together and sue the tobacco industry for billions of dollars, so the court ruling lifts a massive cloud from the companies.

There was another aspect to Thursday's fall. The market was stunned when Jeffrey Vinik resigned as manager of Fidelity's Magellan fund, the largest mutual fund in America with assets of \$56bn.

When the news came through, a minute or two after 10am, the Dow fell and bond prices dropped. The question for the markets was: would the fund's new manager, Bob Stankey, reverse the extreme position Vinik had taken and sell the cyclical stocks and bonds with which he had filled the portfolio.

The share prices of eight of the Magellan fund's top 10 holdings fell on Thursday in anticipation of an expected disposal programme once Stankey takes over next month. Similarly, the bond market was concerned that Vinik's \$10bn of Treasury securities might hit the market, too.

This column makes no claim to prescience in having written about Vinik's poor recent performance only last week. His resignation was not at all unexpected, and both he and Fidelity denied that he had been encouraged to leave.

But while Fidelity could have ridden a period of under-performance from its best known fund, it could not tolerate for long the bad publicity it was getting. In April, the fund, accustomed to regular inflows of new money, apparently suffered an outflow. The 4.3m investors in it were beginning to vote with their feet.

And, since Vinik plans to set

up his own investment management firm, it would make sense for him to keep his reputation as an investor as intact as possible.

Now, the Wall Street guessing game is what Stankey might do with Magellan – and will Fidelity close the fund? There are clues to be found in the portfolio Stankey is running now.

His Growth Company fund had a 21.1 per cent weighting in technology at the end of March (the most recent published figures) whereas Vinik had slashed the Magellan fund's technology weighting to 3.6 per cent.

Stankey's second largest sector position was in finance stocks, with 12.9 per cent of the equity portfolio, while Vinik had cut finance to 6.1 per cent.

Stankey's fund totalled a mere \$8bn, one-seventh the size of Vinik's. While Fidelity watchers believe Stankey can cope with the much larger size, there remains the suggestion that Magellan is just too big to manoeuvre.

Yet, that is hardly borne out by recent experience. What did for the fund's performance was the enormous shifts in assets Vinik achieved, often without the market realising until later.

Vinik might look like the fictional schoolboy Billy Bunter, the Fat Owl of the Remo, but he was certainly nimble on his feet.

Dow Jones Ind Average

Monday 5,748.82 + 12.34
Tuesday 5,736.26 - 12.68
Wednesday 5,776.00 + 41.74
Thursday 5,782.12 - 15.88
Friday

† Based on issue price to retail investors of 100p.

It was a good week for the drugs sector. Not so much in terms of the corporate results that were announced, but in terms of the extra supplies of Valium that would have been needed by shareholders in British Biotech.

An announcement was expected on Tuesday about the second phase of trials on the company's anti-cancer drug, marimastat. Traders anticipated good news and duly pushed the shares up 185p on Monday, breaking through the £30 barrier on the way. Not bad for a share which traded at 462p as recently as last July.

On Tuesday, the results duly came out and were as promising as anybody could have expected. The shares rose 75p in early trading, touching £38, before settling 285p higher at 3,15p. But, then, perhaps, a dose of reality started to enter investors' heads.

There is still another phase of trials to go through, includ-

ing the need to get approval from the US Food and Drug Administration, before the drug can hit the market. Drugs have tripped at this final hurdle before.

Moreover, there is a modest problem in valuing British Biotech: there are no sales, no profits, no dividend, and no prospects of such things for several years. Nevertheless, by Tuesday night, the company had a market capitalisation of £1.8bn (more than W.H. Smith) and was a candidate for inclusion in the FT-SE 100 index.

Even more than usual, therefore, putting the right share price on British Biotech is a case of closing your eyes and sticking a pin in a piece of paper. Sentiment and momentum can be the most important factors.

Thus, once the shares retreated from their highs, there were plenty of people ready and able to take profits. The shares lost 250p and 50p on Wednesday and Thursday respectively, by Friday morn-

ing, they were more than 29 below their brief Tuesday peak.

Elsewhere in the market, there was a mood of caution throughout the week with a sense, from early on, that traders were eager to get away for the bank holiday weekend.

Rumours of substantial rights issues kept dealers cautious and two property companies did announce cash calls, but neither issue was big enough to disturb the market. The expected placing of Standard Life's stake in Bank of Scotland, which should be worth around £1bn, will be a much bigger test.

A sunny international climate did not relieve the mood. Wall Street was busy setting record after record but the FT-SE 100 index stayed doggedly in the middle of its recent 3,650-3,850 trading range.

Gilts remain a limiting factor. The yield on the benchmark 10-year issue is sticking doggedly above 8 per cent; the



British Biotech investors needed a clear head this week SuperStock

long gilt/equity yield ratio hovers around 2.2, not its highest ever but well above the 2 level at which shares are traditionally regarded as cheap.

Political risk plays its part in keeping gilt yields high, of course, and might have been increased this week by the government's decision to disrupt the workings of the European Union in retaliation for the continued ban on beef exports.

There was even talk of a "beef election", with the government tempted to seek a fresh mandate on the top of a wave of patriotic resentment against the Europeans.

Indeed, a few siren voices have actually begun to suggest that a Labour victory might even be good news for gilts, on the ground that a Tony Blair government would be more likely to join European monetary union. Political risk, therefore, might lie more in what the Conservatives will do in their efforts to get re-elected – perhaps in the form of economically unjustified cuts in taxation and interest rates – than in the programme of a Labour administration.

There is a general feeling that the economy is starting to pick up again after a slowdown in the second half of 1995, although this week's retail sales figures, which showed only an 0.2 per cent rise in April, did little to support the thesis.

Nevertheless, with the Budget tax cuts now in their pockets, and with mortgage rates at historic lows, consumers ought to be more willing to spend.

Certainly, the results and statements of the big retailers, which have been reporting

recently, displayed signs of improving confidence. Marks and Spencer produced figures at the top end of the forecast range; Kingfisher gave an upbeat trading update at its annual meeting; and Stora Enso, while less bullish than the others, reported a 21 per cent rise in annual pre-tax profits.

Retailing stocks may have already priced in a revival, however, the sector is trading on a price-earnings ratio of around 19.5, well above the 16 rating of the FT-SE-A All-Share index.

Food retailers, after a long supermarket price war, are an exception; that sector trades on a multiple of just 14.4, but is starting to benefit from a series of broker upgrades as hopes rise for a pre-election consumer boom.

In general, the corporate sector seems in reasonable health. The four-week average of the dividend index – this column's indicator of corporate sentiment – remains solid at 69.1 per cent.

The index is calculated by subtracting the number of reduced payouts from the number of increased payments, and expressing the result as a percentage of the total of all announcements. It has hovered between the low 40 and high 80 per cents since the start of 1995.

Further dividend growth is certainly needed to justify the market's present rating. Longer-dated index-linked gilts – a virtually risk-free asset – are yielding more than equities at present, normally a bad sign for shares.

Barry Riley

The Old Lady's mortgage blues

There could be problems when the carpetbaggers move on

If you have a building society savings account you might have noticed something that has yet to appear in a newspaper headline: short term interest rates are falling. The Bank of England has now spotted this, too.

While it has been keeping its steady eye on chancellor Kenneth Clarke, who has an election to win (or, at least, to lose less than catastrophically), something has been going on behind the Bank's back. Building society savings rates have been slipping and the mortgage market is awash with special, cut-rate deals. All this has been happening while the Bank has been holding official market rates at 6 per cent since early March and long-term rates on government bonds have actually been rising.

This week, the Bank

ventured a direct warning to the banks and building societies that they could be fueling the next bad debt crisis in the housing market. In central banking lingo, they should "continue to assess carefully the terms on which they write business".

The underlying phenomenon here has been the development of a vast pool of cheap savings. One manifestation has been the uncomfortable acceleration of broad money growth to 10 per cent year-on-year, which is

embarrassingly fast when the Bank is supposed to be targeting an inflation rate of 2.5 per cent or less.

The immediate problem relates to the prospective demutualisation, followed by flotation or takeover, of a string of societies including the Halifax, which alone has retail deposits of £75bn (nearly 40 per cent of the building society total).

Where these demutualisations have been announced already, savings are, in effect, locked in for fear that the bonuses will be reduced, or forfeited altogether. The societies are proceeding on a leisurely timetable, covering the next year or more, and do not need to compete for new savings. Elsewhere, "carpetbagging" money is flooding into apparent takeover prospects.

During 1995, £15bn in net retail savings flooded into societies, far in excess of the £5bn demand for mortgages. Even the banks have been able to shade their savings rates downwards because competition from the societies has lessened.

This has all the makings of a typical British monetary accident. Kenneth Clark is preoccupied by the "feel-good" factor that will be generated by rising house prices and the coming multi-billion pound wave of bonuses and free share handouts.

The Bank, for its part, can scarcely argue for higher interest rates when the economy at large is quite sluggish. But it does not have the levers to control the present monetary trends.

We should not be starting from here. Once again, the underlying message is that the emphasis in British savings

is on the building society deposits rather than on the building society accounts.

But the expected gains in

interest rates in depressed continental countries such as Germany and France are heading below 3 per cent.

In fact, British savers

already have a big incentive to move along what is, for the UK, a very steep yield curve.

Instead of about 3 per cent on instant access savings, we can get more than 8 per cent gross on the government's long-dated gilts.

But the expected gains in

interest rates in depressed

continental countries such as

Germany and France are

heading below 3 per cent.

history, however. The wealth-destroying 1970s certainly happened, but should not distort our perceptions forever. Since 1980, gilts have returned usefully more than short term savings accounts. We have just begun to see a reasonable incentive develop in the yield curve, which has so often discouraged long term savers in the UK. On ERM entry day in October 1990, for instance, the average building society account returned 10.6 per cent after standard rate tax, but the corresponding net yield on gilts was only 8.5 per cent.

This certainly does not apply any more; for instance, next Wednesday the government will be offering £2bn of 25-year bonds to yield just under 7 per cent net, up from 6.1 per cent at the start of the year. But the availability of such rates is not so far draining the vast pools of cheap, short term savings. Those remain the place to generate a potential house price lift and cause nail-biting in Threadneedle Street.

The dangers are obvious. Buyers will be lured in by

mortgage write-offs, early

cut rates and other bells and

whistles such as cash-back offers, only to be trapped in a

a year or two when the

carpetbagging depositors have moved on, leaving a jumbo

and house prices retreat. But

all this will happen safely

after the next election.

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Offshore managed funds and UK managed funds are listed in Section One

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Executive Unit Trust Manager Ltd (1000F)																													
Admiral's Portfolio Inc.	1	100.00	100.00	-0.00	UK Select Div. Fund	1	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	1	100.00	100.00	-0.00	Virgin Direct PPS Ltd (1000F)	1	100.00	100.00	-0.00	Black Horse Life Assurance - Contd.	1	100.00	100.00	-0.00	Gas Life & Pensions Plc (1400F)	1	100.00	100.00	-0.00
Admiral's Portfolio Inc.	2	100.00	100.00	-0.00	UK Select Div. Fund	2	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	2	100.00	100.00	-0.00	Life Funds	1	100.00	100.00	-0.00	Gas House, London EC2A 2BP	1	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	3	100.00	100.00	-0.00	UK Select Div. Fund	3	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	3	100.00	100.00	-0.00	Managed Inv. Fund	1	100.00	100.00	-0.00	Japan	1	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	4	100.00	100.00	-0.00	UK Select Div. Fund	4	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	4	100.00	100.00	-0.00	Portfolios Equity	1	100.00	100.00	-0.00	Portfolios Equity	1	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	5	100.00	100.00	-0.00	UK Select Div. Fund	5	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	5	100.00	100.00	-0.00	Portfolios Equity	2	100.00	100.00	-0.00	Portfolios Equity	2	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	6	100.00	100.00	-0.00	UK Select Div. Fund	6	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	6	100.00	100.00	-0.00	Portfolios Equity	3	100.00	100.00	-0.00	Portfolios Equity	3	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	7	100.00	100.00	-0.00	UK Select Div. Fund	7	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	7	100.00	100.00	-0.00	Portfolios Equity	4	100.00	100.00	-0.00	Portfolios Equity	4	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	8	100.00	100.00	-0.00	UK Select Div. Fund	8	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	8	100.00	100.00	-0.00	Portfolios Equity	5	100.00	100.00	-0.00	Portfolios Equity	5	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	9	100.00	100.00	-0.00	UK Select Div. Fund	9	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	9	100.00	100.00	-0.00	Portfolios Equity	6	100.00	100.00	-0.00	Portfolios Equity	6	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	10	100.00	100.00	-0.00	UK Select Div. Fund	10	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	10	100.00	100.00	-0.00	Portfolios Equity	7	100.00	100.00	-0.00	Portfolios Equity	7	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	11	100.00	100.00	-0.00	UK Select Div. Fund	11	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	11	100.00	100.00	-0.00	Portfolios Equity	8	100.00	100.00	-0.00	Portfolios Equity	8	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	12	100.00	100.00	-0.00	UK Select Div. Fund	12	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	12	100.00	100.00	-0.00	Portfolios Equity	9	100.00	100.00	-0.00	Portfolios Equity	9	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	13	100.00	100.00	-0.00	UK Select Div. Fund	13	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	13	100.00	100.00	-0.00	Portfolios Equity	10	100.00	100.00	-0.00	Portfolios Equity	10	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	14	100.00	100.00	-0.00	UK Select Div. Fund	14	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	14	100.00	100.00	-0.00	Portfolios Equity	11	100.00	100.00	-0.00	Portfolios Equity	11	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	15	100.00	100.00	-0.00	UK Select Div. Fund	15	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	15	100.00	100.00	-0.00	Portfolios Equity	12	100.00	100.00	-0.00	Portfolios Equity	12	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	16	100.00	100.00	-0.00	UK Select Div. Fund	16	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	16	100.00	100.00	-0.00	Portfolios Equity	13	100.00	100.00	-0.00	Portfolios Equity	13	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	17	100.00	100.00	-0.00	UK Select Div. Fund	17	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	17	100.00	100.00	-0.00	Portfolios Equity	14	100.00	100.00	-0.00	Portfolios Equity	14	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	18	100.00	100.00	-0.00	UK Select Div. Fund	18	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	18	100.00	100.00	-0.00	Portfolios Equity	15	100.00	100.00	-0.00	Portfolios Equity	15	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	19	100.00	100.00	-0.00	UK Select Div. Fund	19	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	19	100.00	100.00	-0.00	Portfolios Equity	16	100.00	100.00	-0.00	Portfolios Equity	16	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	20	100.00	100.00	-0.00	UK Select Div. Fund	20	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	20	100.00	100.00	-0.00	Portfolios Equity	17	100.00	100.00	-0.00	Portfolios Equity	17	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	21	100.00	100.00	-0.00	UK Select Div. Fund	21	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	21	100.00	100.00	-0.00	Portfolios Equity	18	100.00	100.00	-0.00	Portfolios Equity	18	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	22	100.00	100.00	-0.00	UK Select Div. Fund	22	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	22	100.00	100.00	-0.00	Portfolios Equity	19	100.00	100.00	-0.00	Portfolios Equity	19	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	23	100.00	100.00	-0.00	UK Select Div. Fund	23	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	23	100.00	100.00	-0.00	Portfolios Equity	20	100.00	100.00	-0.00	Portfolios Equity	20	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	24	100.00	100.00	-0.00	UK Select Div. Fund	24	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	24	100.00	100.00	-0.00	Portfolios Equity	21	100.00	100.00	-0.00	Portfolios Equity	21	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	25	100.00	100.00	-0.00	UK Select Div. Fund	25	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	25	100.00	100.00	-0.00	Portfolios Equity	26	100.00	100.00	-0.00	Portfolios Equity	26	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	26	100.00	100.00	-0.00	UK Select Div. Fund	26	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	26	100.00	100.00	-0.00	Portfolios Equity	27	100.00	100.00	-0.00	Portfolios Equity	27	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	27	100.00	100.00	-0.00	UK Select Div. Fund	27	100.00	100.00	-0.00	Scottish Widened Fund Manager Ltd (1000F)	27	100.00	100.00	-0.00	Portfolios Equity	28	100.00	100.00	-0.00	Portfolios Equity	28	100.00	100.00	-0.00					
Admiral's Portfolio Inc.	29	100.00	100.																										

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4376 for more details.

Hill Standard Life Assurance Ltd - Contd.									
Formerly Target Life Assurance Co Ltd									
Life Funds									
Managed	712.5	701.3	-2.3						
Growth	233.8	246.2	+0.7						
Managed Growth	246.5	262.7	+0.7						
Property	333.8	340.8	+0.2						
Managed Property	162.8	111.2	-31.6						
Fund int.	4.8	3.7	-1.1						
Deposits	282.6	276.7	-5.9						
Financial Series	58.8	63.0	+0.5						
T200 Financial Series	204.9	217.9	+1.3						
Cash	107.5	112.3	+0.5						
Gold & General	107.5	112.3	+0.5						
TSE American	280.0	311.2	+0.4						
International Growth	1027.0	1074.9	+4.9						
TSE Europe	268.2	265.0	-1.3						
TSE Income	324.7	347.4	+1.3						
TSE International	502.7	520.5	+1.3						
TSE Total Income	323.8	341.0	+0.5						
TSE Premium Income	777.7	797.0	+0.2						
Private Funds									
Managed	2087.9	2700.2	+1.6						
Growth	269.2	262.0	-0.9						
Managed Opportunity	268.1	263.3	-0.5						
Cap. Int.	224.4	227.7	+1.4						
Units-Linked	244.2	247.6	+1.6						
Guaranteed	270.5	310.0	+1.4						
Deposits	193.8	200.0	+0.2						
Prices quoted are for Accumulated units									
Homeowners Friendly Society Limited									
PF Star P/L, Homeowners Fund Agents, Kennington	0171-949400								
HFS Managed Fd 3	208.8	217.7	+0.9						
HFS No Entry High Fd 3	220.4	224.0	+1.1						
HFS Green Corp	175.6	184.5	+0.9						
HFS Green Corp	175.6	180.1	+0.5						
Master Fund Exchange	177.0	180.0	+0.1						
Green Corp (2) Exchanged	177.0	181.0	+0.5						
NMIA Report Exchanged	125.2	131.1	+0.5						
Master Fund	143.3	150.8	+0.5						
Green Corp (2)	170.3	178.2	+0.5						
Mr. M. Fund	170.3	178.2	+0.5						
Retirement	140.2	147.8	+0.6						
For Eastern Exempt	157.8	165.0	+0.5						
24 British City Centres	160.3	168.0	+0.5						
Global Bond	114.2	118.0	+0.5						
Global Bond Growth	114.2	118.0	+0.5						
Great British Growth	190.0	190.0	+0.0						
Green Corp Growth	95.0	100.0	+0.5						
Master Fund Managed Savings Plan									
HFS Managed Fd 1	192.3	205.1	+1.2						
HFS Tax Exempt High Fd 1	219.7	231.3	+1.1						
Ideal Benefit Society									
Wool Green Lane, Birmingham B15 3NG	0171-446 4101								
Managed Fd	162.6	191.1	+1.1						
Positive Managed	190.1	195.7	+0.6						
Ideal Life Assurance Co Plc									
Vernon St, St Albans, Herts, AL1 5TF	0172-8717000								
Global Equity Ser 1	808.1	808.1	+0.0						
Global Equity Ser 2	803.2	803.2	+0.0						
Global Bond Ser 3	750.0	763.2	+1.7						
Global Bond Ser 4	549.4	576.3	+1.3						
Global Corp Ser 3	377.0	374.6	-0.7						
Global Corp Ser 4	226.6	236.5	+0.1						
Global Bond Ser 4	177.9	187.3	+0.5						
Global Corp Ser 4	189.0	185.2	-2.7						
Global Fund Ser 4	72.4	72.4	+0.0						
Global Corp Ser 4	150.3	158.2	+0.5						
Global Corp Ser 4	147.5	155.1	+0.5						
Universality Security	186.6	200.9	+1.1						
Universality Balanced	220.9	223.5	+0.1						
Universality Income	220.9	223.5	+0.1						
Universality Unltd Equity	172.3	174.0	+0.4						
Universality Euro Equity	241.0	255.7	+0.5						
Universality Japan	322.1	328.1	+0.6						
Universality Pacific	204.3	215.1	+0.9						
Universality Asia	228.3	243.5	+0.7						
Universality Asia Ser 2	228.3	230.3	+0.1						
Universality Pacific Ser 2	228.3	230.3	+0.1						
Universality Ser 2	1182.8	1160.8	-1.1						
Easy Pm Fund Ser 2	1408.8	1408.8	+0.0						
Property Ser 2	307.5	307.5	+0.0						
Property Ser 2	307.5	316.5	+0.3						
Capital Growth Ser 2	370.5	380.1	+0.5						
Security Mgt Pm Ser 2	162.8	200.0	+0.1						
Best Buy Pm Ser 2	1146.9	1203.3	+0.7						
Open Ended Pm Ser 2	1205.0	1205.0	+0.0						
Int'l Equity Pm Ser 2	160.1	174.5	+0.3						
Fixed Income Pm Ser 2	160.1	165.3	+0.4						
Property Pm Ser 2	160.1	165.3	+0.4						
Deposit Pm Ser 2	307.5	316.5	+0.3						
London Life	100 Thread St, Edgbaston, B15 1EA								
Sell	0171-2847772								
Equity	1600.00	1600.00	+0.0						
Bond Interest	458.50	458.50	+0.0						
Property	420.00	310.00	-31.0						
Deposit	310.00	310.00	+0.0						
Other Stock	224.00	224.00	+0.0						
International	226.00	226.00	+0.0						
Equity (A/I)	226.00	246.00	+20.0						
Fixed Interest (A/I)	210.40	214.20	+3.8						
Deposit (A/I)	120.00	120.00	+0.0						
Mixed (A/I)	222.00	224.00	+1.0						
Index Stock (A/I)	177.10	198.50	+11.4						
International (A/I)	217.50	224.00	+6.5						
London Life	Whitmore St, Luton, Beds, LU1 3EA								
Sell	01362 252464								
Unit Funds									
Unit With Profits Cap	716.5	716.5	+0.0						
Unit With Profit Acc	151.1	151.1	+0.0						
Flexible Cap	257.5	257.5	+0.0						
Investment Trust Cap	606.2	606.2	+0.0						
Investment Trust Acc	1130.4	1130.4	+0.0						
Moneymarket Acc	500.7	500.7	+0.0						
Corporate Bond Acc	200.0	200.0	+0.0						
Corporate Bonds	200.0	200.0	+0.0						
Corporate Bond (A)	207.8	216.4	+8.6						
Corporate Bond (I)	182.5	182.5	+0.0						
Corporate Bond Cap	182.5	182.5	+0.0						
Corporate Bond Acc	207.8	216.4	+8.6						
Corporate Bond (A)	444.4	446.0	+1.6						
Corporate Bond (I)	302.0	301.3	-0.7						
Corporate Bonds	302.0	301.3	-0.7						
Corporate Bonds (A)	301.3	301.3	+0.0						
Corporate Bonds (I)	301.3	301.3	+0.0						
Corporate Bonds (A)	301.3	301.3	+0.0						
Corporate Bonds (I)	301.3	301.3	+0.0						
Corporate Bonds (A)	301.3	301.3	+0.0						
Corporate Bonds (I)	301.3	301.3	+0.0						
Corporate Bonds (A)	301.3	301.3	+0.0						
Corporate Bonds (I)	301.3	301.3	+0.0						
Corporate Bonds (A)	301.3	301.3	+0.0						
Corporate Bonds (I)	301.3	301.3	+0.0						
Corporate Bonds (A)	301.3	301.3	+0.0						
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Corporate Bonds (A)	301.3	301.3	+0.0						
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Corporate Bonds (I)	301.3	301.3	+0.0						
Corporate Bonds (A)	301.3	301.3	+0.0						
Corporate Bonds (I)	301.3	301.3	+0.0						
Corporate Bonds (A)	301.3	301.3	+0.0						

Lincoln National 101-105 Oxford Rd, London			
Life			
Individual Policies			
Group Policies			
Corporate			
Retirement			
Health			
Accident & Health			
Auto			
Fire & Theft			
Business			
Commercial			
Automobile			
Commercial Auto			
Commercial Property			
Commercial General			
Commercial Lines			
Commercial Umbrella			
Commercial Vehicle			
Construction			
Equipment Breakdown			
Excess & Surplus			
Industrial			
Marine			
Professional Liability			
Property			
Reinsurance			
Risk Management			
Workers Compensation			
Other			
Life			
Individual Policies			
Group Policies			
Corporate			
Retirement			
Health			
Accident & Health			
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Fire & Theft			
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Fire & Theft			
Business			
Commercial			
Automobile			
Commercial Auto			
Commercial Property			



GUCCI TIMEPIECES ARE AVAILABLE FROM
GUCCI BOND STREET W1, GUCCI SLOANE STREET SW1, HARRODS AND
SELFRIDGES AS WELL AS SELECTED ERNST JONES, LESLIE DAVIS, GOLDSMITHS,
WALKER AND HALL, WATCHES OF SWITZERLAND,
MAPPIN & WEBB, BEAVERBROOKS AND OTHER FINE JEWELLERS.

	Units	Value	Units	Value	Units	Value
Units Life - Contd.						
Cashy Inv. H. Watson, Ltd.						
Managed Fund	441.1	454.4				
Prest Inc & Cap Fds.	640.7	650.0				
Inv Fund	174.7	180.5				
Invest Inv Fund	12.0	12.0				
Mortg Fd (Acc)	527.4	540.5				
PT20 Fd (Acc)	154.8	157.0				
PT20 Fd (Acc)	197.8	200.5				
Shares Inv Fund	111.5	121.7				
Mortg Inv Fund	22.0	22.0				
Fid Inv Fd (Acc)	126.1	134.8				
Fid Inv Fd (Acc)	255.5	249.5				
Debt Fund (Acc)	119.4	122.7				
Debt Fund (Acc)	217.4	223.5				
Life Ltd						
Options of Authors, Hand, CP1D 19E						
Money Fund	250.0	251.2				
Inv Inv Fund	222.9	224.9				
Inv Fund	202.1	204.9				
Inv Fund	222.5	227.7				
Managed Inv Fund	458.8	465.0				
Managed Inv Fund	240.0	240.0				
Mortg Inv Fund	271.1	271.9				
Shares Managed	156.3	154.5				
Shares Equity	155.1	155.1				
Pensions Ltd.	139.5	143.5				
Managed Pensions	1310.3	1308.6				
Other Pensions	254.7	258.2				
Money Market Trust Funds						
ConfCash Ltd (High Interest Cheques Account)						
Kings Hill, West Kentling, Kent						
ConfCash Plus						
Units	5.67					
Value	5.67					
Deposits over £2 million	5.67					
Deposits over £25 million	5.67					
The CONF Charities Deposit Fund						
2 Finsbury Street, London EC2M 5AD						
Deposits	1.50					
Conf. Ch. of Fin. of Church of England						
2 Finsbury Street, London EC2M 5AD						
Deposits	1.50					

Money Market Trust Funds

	Amount	Net	Gross	Int Cr
CentraCash Ltd (High Interest Cheque Account)				
Current Accts.				
Current Pmts.	5.67	-	5.67	3-4M+
Balance over £1 million	5.77	-	5.77	3-4M+
Balances over £2 million	5.87	-	5.87	3-4M+
The COIF Charities Deposit Fund				
2 Fox Street, London EC2Y 5AD				0171-588 1815
Deposits	5.60	-	5.72	3-4M+
Cent. Bd. of Fds. of Church of England				
2 Fox Street, London EC2Y 5AD				0171-588 1815
Deposits	5.60	-	5.72	3-4M+

Money Market Bank Accounts

		Bank	Branch	Postcode	Area	Postcode
Alfred Trust Bank Ltd	25 George St, London	EC4R 2AT			0171-629 0670	
HICSA/NICLAHSA	—	3.50			2.56	MBD
HCA	—	4.25			4.33	MBD
HCA PBO £20,000-£40,000	—	4.25			4.33	MBD
HCA 5000 (£30,000-£50,000)	—	5.00			5.12	MBD
HCA 1000 (£10,000-£20,000)	—	5.00			5.12	MBD
TOYOTA	—	5.00			5.00	MBD
TRIMMA	—	5.00			5.00	MBD
FORUM	—	6.00			6.72	MBD
SAMA (£22,000-£35,000)	—	6.10			6.88	MBD
SAMA (£10,000-£20,000)	—	6.15			6.92	MBD
SAMA (£10,000-£20,000)	—	6.15			6.92	MBD
CHARTERED TRUST	—	7.02			7.52	MBD
Corporate Trust	—	8.10			8.88	MBD
Premier Funder	—	7.02			6.27	MBD
American Express Bank Ltd	Seven Hoare, Bishopsgate	E1 5HS	8A2		01273 863 866	
High Performance Charges Account						
£500-£3,000,000	—	1.00			1.00	MBD
£1,000-£4,000,000	—	1.50			1.65	MBD
£5,000-£10,000,000	—	2.00			2.12	MBD
£10,000-£20,000,000	—	4.00			4.07	MBD
£20,000-£40,000,000	—	4.25			4.33	MBD
£50,000-—	—	4.75			4.88	MBD
Bank of Ireland High Interest Charges Acc	26 Queen St, London	EC4R 1ER			0171 624 3160	
£1,000-£3,000	—	3.00			3.04	MBD
£3,000-£10,000	—	4.00			4.04	MBD
£10,000-—	—	4.25			4.31	MBD
Bank of Scotland	38 Threadneedle St, EC2 2BP	25H			0800 020 0000	
£10,000-£20,000	—	3.50			3.56	MBD
£20,000-£30,000	—	4.25			4.33	MBD
£30,000-£40,000	—	4.50			4.58	MBD
£200,000-—	—	5.00			5.04	MBD
Bank of Scotland	38 Threadneedle St, EC2 2BP	25H			0800 020 0000	
£10,000-£20,000	—	3.00			3.04	MBD
£20,000-£30,000	—	3.50			3.56	MBD
£30,000-£40,000	—	4.00			4.04	MBD
£200,000-—	—	5.00			5.04	MBD
Barclays Select					5000 400100	
PO Box 170, Wrexham Rd, Pt. Country						
£2,000-£3,000	—	3.00			3.02	MBD
£10,000-£20,000	—	4.00			4.02	MBD
£20,000-£40,000	—	4.45			4.45	MBD
£40,000-£80,000	—	4.50			4.55	MBD
£80,000-—	—	5.00			5.04	MBD
Barclays Prime Account HICSA	Waverton Boulevard, Liverpool	L16 2EJ			0116 264 0200	
£1,000-£2,400	—	2.10			2.12	MBD
£2,500-£3,900	—	3.00			3.02	MBD
£10,000-£24,500	—	4.45			4.45	MBD
£20,000-£40,000	—	4.45			4.45	MBD
£40,000-£80,000	—	4.70			4.70	MBD
£80,000-—	—	4.85			4.85	MBD
British Shipley & Co Ltd	Foundry Court, Uxbridge	UB8 1EE			0171 800 7780	
HCA	—	4.250			4.218	MBD
Prof Commed Acc	—	4.500			4.577	MBD
£100,000-£100,000 1 Mth Depo	—	5.075			5.028	MBD
£100,000-£100,000 3 Mth Depo	—	5.075			5.028	MBD
£100,000-£100,000 6 Mth Depo	—	5.075			5.028	MBD
Carter Allen Ltd	20 Brixton Lane, London	SW9 9QJ			0171 263 8070	
HCA	—	4.00			3.47	MBD

FT MANAGED FUNDS SERVICE

FT MAP

OFFSHORE AND OVERSEAS

BERMUDA ISIR RECOGNISE

* Prices on May 16. Vessel Pricing May 23. Weekly Pricing

GUERNSEY REGULATOR

Todd Taiwan Fund 36333 4-26-21
www.todd.com 36334 4-26-21

LUXEMBOURG AND ASSOCIATES

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE INSURANCES

MANAGED FUNDS NOTES	
Prices are in US dollars unless otherwise indicated and therefore designated \$ with no prefix refer to U.S. dollars.	Yield % above for all buying expenses.
Prices include other insurance related charges subject to change prior to issue.	(*) Funds not SII recognized. The regulatory authorities for these funds are:
Bermuda - Bermuda Monetary Authority	Guernsey - Financial Services Commission
Canada - Canadian Securities Commission	Ireland - Central Bank of Ireland
Jersey - Jersey Financial Services Commission	Portugal - Portuguese Securities Department
Luxembourg - Institut Monétaire Luxembourgeois.	Switzerland - Swiss National Bank.
Initial charge - Charge made on units of value.	Selling price - Bid or redemption price.
Selling price - Bid or buying price.	Units - The number of shares which the fund manager's name is the name of the fund's valuation point indicated by one of the following symbols:
A - 0001 to 14000 shares	A - 0001 to 14000 shares
H - 1101 to 14000 shares	H - 1101 to 14000 shares
M - 1101 to 17000 shares	M - 1101 to 17000 shares
P - 1701 to 20000 shares	P - 1701 to 20000 shares
F - Exit charge on sale of units.	C - Manager's periodic charge deducted from capital.
E - Manager's periodic charge deducted from capital.	H - Historic pricing F - Forward pricing
B - Distribution free of UK taxes.	D - Premium distribution income plan.
P - Premium distribution income plan.	G - Single premium insurance.
M - Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities).	N - Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities).
S - Offered price includes all expenses except agent's commission.	O - Premium buying price.
G - Standard buying price.	R - Premium selling price.
+	-
+ - Yield added, - Yield less.	+ - Ex-entitlement, - Ex-entitlement.
-	-
G - Grey standard to charitable bodies	G - Grey standard to charitable bodies
+	+
-	-
Exclusions	Exclusions

WORLD STOCK MARKETS

AMERICA

US stocks steady ahead of holiday

Wall Street

US share prices hovered in midday trading in advance of the three-day weekend, writes Lisa Bramen in New York.

At noon, the Dow Jones Industrial Average was up 7.92 at 5,768.14, the Standard & Poor's 500 by 2.94 at 678.94 and the American Stock Exchange composite by 0.26 at 612.94. Volume on the NYSE came to 170m shares.

Bonds were flat after briefly lower following the release durable goods data. Durables orders slipped 1.9 per cent last month, but were flat if the volatile transportation component was up 1.3 per cent.

Technology shares virtually unchanged with the Nasdaq composite, with a technology content of 40 per cent, rising 1.46 to 1,560.11 while the American Stock Exchange/International Stock Index of Internet related companies was off 0.50 to 374.41.

Iomega, which had nearly quintupled since March, gave up some of this week's strong gains. In early trading, the computer disk drive maker fell 51¢ to \$49.70. SyQuest Technology, which had benefited from Iomega's gains, slumped 55¢ to \$12.51.

EUROPE

Amsterdam extends its succession of highs

While trading was relatively quiet ahead of the weekend holiday, AMSTERDAM moved on to yet another record close. The AEX index added 0.38 to 561.28, its third record closing high of the week and the sixth so far this month.

In a technical analysis of the market, James Capel said yesterday that the Dutch market had been the most consistent outperformer within Europe for some time. "While this is all very positive," said Capel, "the market has become overbought, is close to the top of the present upward stage of the bull market and has a long list of leading stocks with considerable downside risk".

There were bargains hunting in BolsWessanen, the foods and drinks group, following Thursday's 10 per cent drop following a profits warning. The shares rose Fl 1 to Fl 31.50.

Nedlloyd rose Fl 1.80 to Fl 38.50 in spite of a reiteration of a "sell" recommendation by ING Barings. The broker said that the company was continuing to struggle in a depressed shipping sector, where overcapacity was likely to continue until the end of next year. ING added that it expected Nedlloyd to announce within the next twelve months that it was to sell or merge its shipping interests.

PARIS made a slight forward move, but activity was muted

with many brokers clearing their desks early. The CAC-40 index added 3.20 to 2,117.65. Turnover was FF13.3bn.

Bouygues outperformed the market with a rise of FF12.20 or 6.5 per cent to FF75.52 after the company said that it might list its Bouygues Offshore division in Paris and New York later this year.

EI Aquitaine and Total, which both reported higher first quarter sales, moved in opposite directions: Total rose FF6.10 to FF36.10, while EI Aquitaine eased FF6 to FF38.70.

FRANKFURT reversed its recent intraday gynamics,

THE WEEK'S CHANGES

	% Change
Amsterdam	+1.8
Helsinki	+1.8
Stockholm	+0.4
Zurich	-0.1
Paris	-0.5
Milan	-0.7
Paris	-1
Istanbul	-7.0

and closed near its best with the Dax index at an indicated 3,549.53 after a low of 2,536.57. But it was still consolidating, said Mr Hans-Peter Wodniok of Crédit Lyonnais in Frankfurt, after the failure of DM506 after a technically-based recommendation from Merrill Lynch.

Among smaller stocks, SGL Carbon rose DM9, or 5.8 per cent to DM164 on enthusiasm for its New York listing, but Wells pre-ferred that something had to give and the shares, up DM8.50 in four days, fell DM6.2, or 5.8 per cent to DM245.

ZURICH moved on technical considerations, special situations and the fall in US durable goods orders, the SMI index advancing 2.48 to 3,572.2.

Short covering around the 3,550 support level lifted a number of shares which had suffered losses recently. The insurer, Balio, which had been under pressure due to dis-

appointment that takeover

Tobacco companies were mostly flat after Thursday's decision not to allow suits by present and former smokers to go forward as one class action suit. The sector fell back after anti-smoking lawyers vowed to continue their fight on a state-by-state basis.

Philip Morris, which had jumped \$64 on Thursday, was \$14 lower at \$102.50, and the American Depository Receipts of BAT Industries got back 61¢ of the \$1 they had risen on Thursday, bringing the shares to \$12.41.

Canada

Toronto was flaccid at midday, with many brokers clearing their desks early. The CAC-40 index added 3.20 to 2,117.65. Turnover was FF13.3bn.

Bouygues outperformed the market with a rise of FF12.20 or 6.5 per cent to FF75.52 after the company said that it might list its Bouygues Offshore division in Paris and New York later this year.

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THE WEEK'S CHANGES

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Change

%

Amsterdam

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Helsinki

+1.8

Stockholm

+0.4

Frankfurt

-0.1

Zurich

-0.5

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-0.7

Milan

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Paris

-1

Istanbul

-7.0

%

Change

%

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Helsinki

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Stockholm

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Frankfurt

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Paris

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Frankfurt

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Milan

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Milan

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Amsterdam

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Helsinki

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Stockholm

+0.4

Frankfurt

-0.1

Zurich

-0.5

Paris

-0.7

Milan

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 6 pm on Thursday and settled through the Stock Exchange Talierson system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

* Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

Treasury 13 1/4% Stk 2000/03 E122½ (22My96)

Corporation and County Stocks

Birmingham Corp 31 1/2% Stk 1948(98 after) -

E17 22/4% Dividend Control 11 1/2% Red Stk 2002 - E121 (21My96)

Glasgow Corp 31 1/2% Inv Stk - E17 (21My96)

London Corp 13 1/2% Red Stk 2006 - E130 (21My96)

Liverpool Corp 3 3/4% Red Stk 1942(98 after) -

E10 22/4% (21My96)

Manchester Corp 19 1/2% Red Stk 1941(98 after) - E10 22/4% (21My96)

Manchester Corp 4% Cons Inv Stk - E14½

UK Public Boards

Port Ports Authority 3 3/4% Funded Debt -

C54½

Foreign Stocks, Bonds, etc (coupons payable in London)

Sovereign 20 1/2% Treasury 6% 25yr Stg Bills of 1929(72) 29 - 29½

Ashley National Savings Capital PLC 9½% Inv Stk 2004(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 6% Inv Stk 1989(98 after) 1000/1000(1990) - E26½ (21My96)

Abbey National Treasury Sons PLC 7 1/2% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 8 1/2% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 9 1/2% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 10% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 10 1/2% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 11% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 12% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 13% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 14% Inv Stk 1991(98 after) - E101½ (21My96)

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Abbey National Treasury Sons PLC 16% Inv Stk 1991(98 after) - E101½ (21My96)

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Abbey National Treasury Sons PLC 91% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 92% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 93% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 94% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 95% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey National Treasury Sons PLC 96% Inv Stk 1991(98 after) - E101½ (21My96)

Abbey

LONDON STOCK EXCHANGE

MARKET REPORT

Equities fragile as end of bid bonanza sighted

By Peter John

The stock market crawled to a sickly close ahead of the three-day holiday weekend.

Many strategists and traders had left early, defeated by investors' lack of energy and enthusiasm. And while the FT-SE 100 index managed to record a gain of 5.1 to 3,762.1 on the day, it was still down one per cent over the week.

There has been some confusion about the cause of the market's weak tone, which was highlighted not only by declining prices but the lack of genuine turnover.

Several analysts pointed to increasing concern about the politi-

cal climate and the possibility of a snap general election.

Behind that, however, was a feeling that fund managers are quietly shifting assets. Senior traders believe one leading investment fund has been selling heavily through the derivatives market.

And, while derivative volume has not been unusually high, the futures contract on the Footsie has traded consistently at a big discount to the underlying cash market.

This compares to a week when US government bonds, European equities and, particularly, US equities, have performed well. Yesterday, 10-year gilts were up by 1% of a

point, while the Dow Jones Industrial Average was once again pushing towards a new peak shortly after London closed.

Bearish strategists argue that the rally in equities over the last year has been related to mergers and acquisitions rather than investment buying. And the rush of corporate activity, which pumped £43 billion into the market in 1995 and more than £28 billion in the first quarter of this year, is drawing to a close.

"It looks like the bids are drying up," said Mr Philip Wolstenholme, UK strategist with Merrill Lynch. "Insiders think stocks are overpriced and are not that willing to buy other companies. They are

more willing to raise cash themselves."

And Mr Ian Scott, strategist with Lehman Brothers, said: "The flurry of bid activity that has kept the market up and we think that will wane."

On the plus side, recent CSO figures show that pension funds have increased their cash holdings to 4.7 per cent of assets compared with only 3.9 per cent at the end of last year.

Bulls, such as Ian Harnett of SGST, say they will want to do something with that money as current interest rates leave the cash-to-equity yield ratio at more than 20 per cent below its 20-year average.

Nevertheless, good news was difficult to find. Although encouraging comments from Marks & Spencer earlier in the week may have reinforced the idea of a consumer-led recovery, they did not do much for the idea that interest rates could fall further.

Footsie was helped by a more confident tone overseas and good US legal news for BAT. But the more domestic FT-SE Mid 250 Index, which lacked the upward international pull, closed off 11.4 at 4,490.

Broad market turnover was only 604.3m shares at 5.00pm yesterday. That was nearly 40 per cent below Thursday's figure when retail business was worth £2.2bn.

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cal climate and the possibility of a snap general election.

Behind that, however, was a feeling that fund managers are quietly shifting assets. Senior traders believe one leading investment fund has been selling heavily through the derivatives market.

And, while derivative volume has

not been unusually high, the futures contract on the Footsie has traded consistently at a big discount to the underlying cash market.

This compares to a week when

US government bonds, European

equities and, particularly, US equities, have performed well. Yes-

terday, 10-year gilts were up by 1% of a

point, while the Dow Jones Indus-

trial Average was once again push-

ing towards a new peak shortly

after London closed.

Bearish strategists argue that the

rally in equities over the last year

has been related to mergers and

acquisitions rather than investment

buying. And the rush of corporate

activity, which pumped £43 billion

into the market in 1995 and more

than £28 billion in the first quarter

of this year, is drawing to a close.

"It looks like the bids are dry-

ing up," said Mr Philip Wolstenholme,

UK strategist with Merrill Lynch.

"Insiders think stocks are over-

priced and are not that willing to

buy other companies. They are

more willing to raise cash them-

selves."

And Mr Ian Scott, strategist with

Lehman Brothers, said: "The flur-

ry of bid activity that has kept the

market up and we think that will

wane."

On the plus side, recent CSO fig-

ures show that pension funds have

increased their cash holdings to 4.7

per cent of assets compared with

only 3.9 per cent at the end of last

year.

Bulls, such as Ian Harnett of SGST,

say they will want to do some-

thing with that money as cur-

rent interest rates leave the cash-

to-equity yield ratio at more than

20 per cent below its 20-year av-

erage.

Nevertheless, good news was diffi-

cult to find. Although encouraging

comments from Marks & Spenser

earlier in the week may have

reinforced the idea of a consumer-

led recovery, they did not do much

for the idea that interest rates could

fall further.

Footsie was helped by a more con-

fident tone overseas and good US

legal news for BAT. But the more

domestic FT-SE Mid 250 Index, which

lacked the upward international

pull, closed off 11.4 at 4,490.

Broad market turnover was only

604.3m shares at 5.00pm yes-

terday. That was nearly 40 per cent

below Thursday's figure when re-

tail business was worth £2.2bn.

Several analysts pointed to

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LONDON SHARE SERVICE

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Electricity generators study 'radical option'

UK may dispose of cattle remains in power stations

By George Parker in London and Caroline Southey in Brussels

Britain's electricity generators are carrying out urgent tests for the government to see whether they can burn rendered bonemeal and fat from cattle carcasses in their power stations.

Mr Roger Freeman, the UK minister in charge of the BSE cattle cull scheme, said the British government was seeking "radical options" for disposing of cattle remains, to start easing a 150,000 backlog of animals waiting to be slaughtered.

Meanwhile, Brussels played down the significance of the decision of Mr Jacques Santer, the European Commission president, to postpone a visit to Britain next month. An official said yesterday the decision was down to "diary pressures" and not as a consequence of Britain's programme of disrupting EU business.

National Power and Powergen, Britain's two largest electricity generators, said yesterday they had been asked by the government to test whether rendered bonemeal and fat from cattle could be mixed with coal.

The tests, which will also assess the environmental impact of burning cattle, are expected to be completed within a fortnight. In an interview yesterday Mr

Freeman said: "There is no way we can use conventional incinerators because that capacity isn't available. We need to look at something radical, and we are trialling different incineration methods."

The issue was discussed yesterday by the new ministerial committee, headed by Mr Freeman, charged with restoring order to the cattle cull scheme, which aims to burn 750,000 cows and bulls aged over 30 months in the next 12 months.

Mr Freeman said only one cold store was in operation to hold slaughtered cattle waiting to be rendered down into bonemeal and tallow, but dozens more would be made available.

He added that ministers were also seeking dry storage capacity, including the use of military stores, to hold rendered bonemeal and tallow until incineration capacity was ready.

In a separate development yesterday Mr Douglas Hogg, UK agriculture minister, refused to deny rumours he had offered to resign over his handling of "mad cow" disease, or BSE. Many Tory MPs believe Mr Hogg has been sidelined by Mr John Major, the British prime minister.

On Tuesday, a group of experts from the EU will start a three-day visit to the UK to evaluate progress in implementing measures to ensure beef is safe.

The seven, five from the Commission, one from Finland and one from Italy, will visit abattoirs, feed mills and cattle markets. "They will try to establish whether the rules are being respected," a Commission official said.

The team will examine whether meat from animals over 30 months old is being kept out of the food chain and ascertain whether the ban on meat and bonemeal is being applied.

As the UK's policy of disrupting European Union business in protest at the beef ban continues, agreement is unlikely on a customs regulation, called Customs 2000, under which EU customs rules would be harmonised.

But at a council of ministers meeting on development issues on Tuesday, the Commission is expected to use a procedural loophole to ensure the UK does not block three measures relating to development aid.

The UK Ministry of Agriculture yesterday served papers in the European Court of Justice seeking an interim ruling on the legality of the EU's beef export ban and asking for a partial or complete suspension of the ban.

Anglo-German row, Page 9

Bank fury over tax bill

Continued from Page 1

big jump in first quarter operating profits.

Mr Rothhaasen made clear to shareholders his irritation at Commerzbank's worsening relations with tax authorities. Like other banks - including Dresdner Bank, its bigger rival - it has been the subject of highly publicised tax raids over the transfer of customers' funds to Luxembourg subsidiaries.

The banks have denied colluding with clients to evade tax by sending money abroad. In Commerzbank's case, there was an added twist when a list of clients' accounts in Luxembourg obtained by a blackmailer, subsequently jailed, was handed to the state prosecutor's office.

Lucas close to £3bn merger with Varsity

Continued from Page 1

A consolidation involving Varsity and Lucas is thought to have been welcomed by their respective customers, including some of the world's leading carmakers.

"Our customers are very positive about the potential benefits of this deal," said one executive.

Lucas has additionally cleared the proposal with Sumitomo of Japan, its existing joint venture partner in anti-lock braking systems.

Varsity regards Lucas's relationship with Sumitomo as as asset which could be extended, raising the possibility of an Anglo-US-Japanese components alliance.

Lucas shares fell 2p to 235p, while Varsity shares were down 4% at 345p in early trading.

Big Japanese banks report record losses

Continued from Page 1

believe the true bad loan total to be more than ¥50,000bn.

The city banks were able to make the substantial write-offs principally because of the strongest ever performance in their core operations. Record low interest rates during the year enabled them to secure their best ever core business profit.

Sanwa Bank's gross operating profit soared 61 per cent to

Y490.9bn, while that of Daiichi Kangyo more than doubled to ¥619.1bn.

But the banks also had to dig deeply into their reserves to cover the write-offs and, as a result, the capital adequacy ratios of a few have slipped perilously close to the 8 per cent of assets required by the Bank for International Settlements.

A significant portion of the banks' equity is in the form of quoted shares, and the strong

domestic equity market in recent months has offset the capital erosion for some.

Only four of the eleven banks reported a pre-tax profit for the year. One of them, Sumitomo, declared a second successive loss, having been the only large Japanese bank to take a loss in the 1984-85 year. Several of the weaker banks still have substantial progress to make before they eliminate even half of their problem loans.

The stabilising bids arrived in California in early 1986.

By effectively disowning Mr Chan Norinco may raise a question mark over the precise roles of the Chinese nationals involved, clouding further the issue of whether smuggling allegations can properly be laid at the door of the companies and, by extension, the Chinese government.

The scope and nature of the operation also appears unclear, in spite of detailed disclosure documents released in San Francisco. The two US agents involved appear to have posed as go-betweens interested in supplying weapons to Californian gangs and Miami mobsters.

The stabilising bids arrived in California in early 1986.

Europe today

It will be cool in north-western Europe, north of the line of a front stretching from the English Channel across south-eastern Benelux to the Baltic Sea. South of the line, it will be hot and sunny. There will be heavy cloud and showers north of the front, from the UK to the Netherlands. Widespread rain is likely along the line of the front, mainly in the hilly areas of Belgium and eastern Germany. Ahead of the frontal zone, from eastern Poland to Russia, it will be mainly sunny with temperatures up to 20C. Most of southern Europe will be very sunny with inland temperatures above 30C. From Greece to the eastern Balkan States, heavy thunderstorms are likely.

Five-day forecast

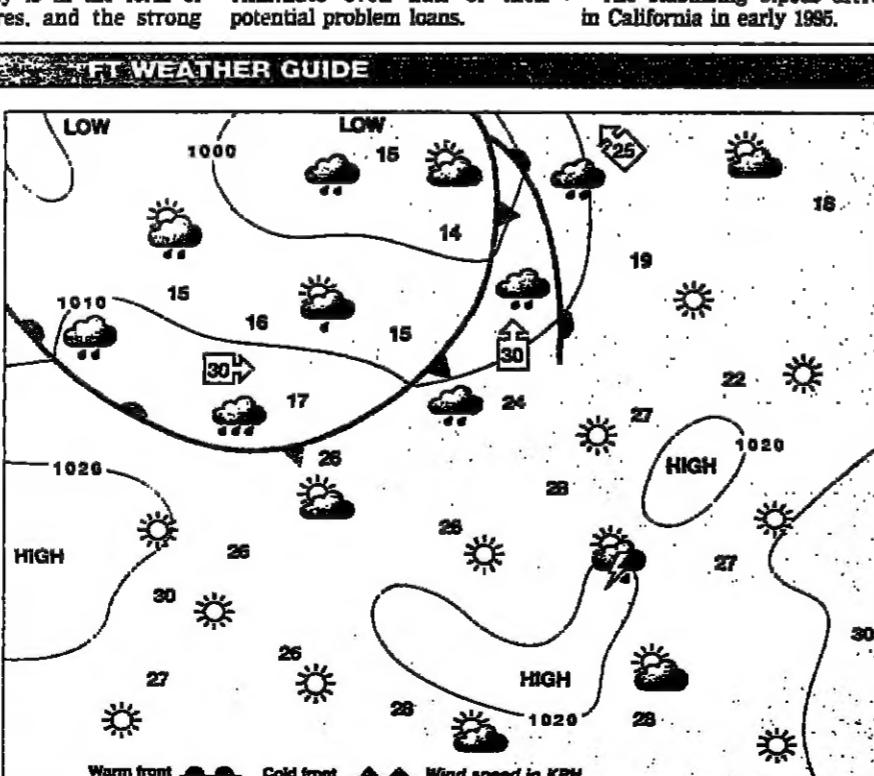
Unsettled conditions will gradually spread east towards eastern Europe while north-western Europe will remain cool. The UK and south-western Scandinavia are the most likely to be wet. Showers and thunderstorms will develop over south-eastern Europe where temperatures will begin to decline on Tuesday. High temperatures in Spain and Portugal will give way to thunderstorms and cool air on Tuesday.

TODAY'S TEMPERATURES

	Maximum Celsius	Beijing	Lar shower	Caracas cloudy	sun	Fair rain	Madrid	sun	Rangoon	Cloudy	fair	23
Abu Dhabi	sun 40	Belgrade	sun	15	Caracas	cloudy	24	Madrid	sun	10 Reykjavik	cloudy	23
Acra	shower 32	Berlin	sun	27	Casablanca	sun	25	Geneva	rain	21 Metz	sun	20
Algiers	sun 26	Bermuda	showers	23	Chicago	rain	18	Gibraltar	sun	25 Manchester	dri	24
Amsterdam	cloudy 15	Bordeaux	sun	16	Cologne	rain	15	Hamburg	cloudy	17 Melbourne	sun	24
Athens	thunder 26	Bombay	sun	16	Dallas	fair	26	Helsinki	rain	18 Seoul	sun	23
Atlanta	thunder 33	Brussels	rain	14	Dubai	fair	37	Hong Kong	cloudy	29 Miami	fair	22
B. ham	sun 19	Budapest	sun	24	Dubai	fair	39	Honolulu	fair	32 Milan	fair	21
B. ham	sun 15	Chengdu	cloudy	14	Dubai	fair	27	Istanbul	fair	32 Montevideo	fair	20
Bangkok	fair 36	Cairo	sun	35	Dubrovnik	rain	19	Jakarta	fair	22 Moscow	rain	19
Barcelona	fair 23	Cape Town	sun	25	Dubrovnik	rain	17	Jersey	rain	12 Munich	fair	18
		Edinburgh	shower 15		Edinburgh	rain	18	Karachi	sun	23 Tel Aviv	sun	22
							sun	37 Nairobi	sun	24 Tokyo	fair	24
							sun	20 Toronto	fair	21	17	
							sun	21 Abu Dhabi	fair	21	17	
							sun	21 Baku	fair	21	17	
							sun	21 Berlin	fair	21	17	
							sun	21 Bonn	fair	21	17	
							sun	21 Copenhagen	fair	21	17	
							sun	21 Dublin	fair	21	17	
							sun	21 Geneva	fair	21	17	
							sun	21 London	fair	21	17	
							sun	21 Madrid	fair	21	17	
							sun	21 Paris	fair	21	17	
							sun	21 Rome	fair	21	17	
							sun	21 Stockholm	rain	21	17	
							sun	21 Tel Aviv	fair	21	17	
							sun	21 Zurich	rain	21	17	
							sun	22 Ankara	fair	22	18	
							sun	22 Berlin	fair	22	18	
							sun	22 Copenhagen	fair	22	18	
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							sun	22 Geneva	fair	22	18	
							sun	22 London	fair	22	18	
							sun	22 Madrid	fair	22	18	
							sun	22 Paris	fair	22	18	
							sun	22 Rome	fair	22	18	
							sun	22 Stockholm	rain	22	18	
							sun	22 Tel Aviv	fair	22	18	
							sun	22 Zurich	rain	22	18	

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Temperature maximum for day. Forecasts by Meteor Consult of the Netherlands

US agents go fishing for China connection in gun sting

By Christopher Parkes in Los Angeles and agencies

When a shipment of 20,000 "fishing rod racks" was landed in California, two US undercover agents angling in the murky waters of the international arms market knew that they had made the China connection.

The agents, having received 20,000 bids for Chinese assault rifles, then went after bigger game in Operation Dragon Fire. But the elaborate sting, the first of its kind to implicate China's powerful military industry, was apparently undone by loose talk in the ranks.

Seven arrests were made this week and a court hearing is set for June 1. The agents are accused of violating US laws against arms exports.

Officials say the arrests are the result of increased vigilance by the FBI and the US attorney's office.

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